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Daily Report

Latin America

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Cuba

Cuba: PRC, Cuba Restate Decision To Strengthen Ties

PA1104224896 Havana PRENSA LATINA in Spanish 1656 GMT 11 Apr 96

[FBIS Translated Text] Havana, 11 Apr (PL) — During the ceremony to honor Qiao Shi, chairman of the Chinese National People's Congress (PNC) Standing Committee, as an illustrious guest of Havana, Cuba and the PRC today reiterated their decision to strengthen the bonds of friendship and cooperation

Ricardo Alarcon, president of the National Assembly of the People's Government, Conrado Martinez, president of the Havana City People's Council, Historian of Havana City Eusebio Leal, Vice Foreign Minister Isabel Allende, and committee chairmen of the local parliament attended the ceremony held at Havana's museum.

Martinez said the delegation headed by Qiao Shi stimulates, encourages, and makes Cubans proud. The visit to Cuba enhances historical, bilateral relations, strengthening the bonds that have joined them throughout history.

Martinez praised Cuban fighters of Chinese descent who, "contributing with their courage and blood," took part in the Cuban war of independence against Spain.

Martinez added that the visit of the PRC delegation took place just as Cuba together with the Communist Party, headed by President Fidel Castro, is beginning to overcome the difficulties caused by the economic situation of past years. Martinez said, however, not one of those difficulties could undermine our friendship. As testimony of our admiration and respect to the people of the PRC, we offer this decoration, Martinez said.

Qiao Shi said Cuba enjoys world fame for its rich, cultural patrimony and natural beauty, as well as for its revolutionary tradition and militant spirit that are being used in the construction of socialism and the preservation of national independence.

Our friendship and cooperation are very stimulating and will develop further, Qiao Shi said.

A few moments before the ceremony, the PRC delegation visited the Cabana Fortress, located at the entry of the Bay of Havana. The fortress was part of the city's system of protection during the Spanish domination.

The PRC delegation this afternoon will leave for Canada, the next stop on Qiao Shi's agenda.

Cuba: PRC's National People's Congress Chairman Departs

PA1204033196 Havana Cubavision Network in Spanish 0000 GMT 12 Apr 96

[From the "NTV" newscast]

[FBIS Translated Text] Qiao Shi, chairman of the Chinese National People's Congress, ended his official visit to Cuba this afternoon.

Ricardo Alarcon, president of the National Assembly of the People's Government, and other high-ranking Cuban officials bid farewell to the leader of the Chinese parliament at the terminal of Jose Marti Airport. Also bidding farewell to the illustrious visitor were Chinese diplomats accredited to Cuba headed by Ambassador (Liu Pei Ge).

Qiao Shi carried out a four-day visit to Cuba invited by the Cuban parliament during which he met with high-ranking party and government officials and was received by Commander in Chief Fidel Castro.

Hours before his departure, Qiao Shi, who is also a member of the Politburo of the Communist Party of China, was bestowed the Distinguished Guest Award by Havana City, for which he gave thanks not only in his name but, most of all, in the name of the People's Republic of China. He added that the gesture was a reflection of the deep ties between both countries.

Cuba: Campaign To 'Tarnish' Revolution's Image Decried

PA1104191596 Havana Radio Havana Cuba in Spanish 0000 GMT 10 Apr 96

[From the "Evening Information Review" newscast]

[FBIS Translated Text] GRANMA disclosed today that another anti-Cuban propaganda campaign has been staged in Miami as part of a larger plot designed to provoke a confrontation between Havana and Washington. An article headlined "The Shameless Art of Lying" points out that the new version presented by right-wing radicals in the pages of THE MIAMI HERALD insinuates that a group of terrorists detained in October 1994 after arriving from the United States after committing a murder were tortured in Cuba. GRANMA recalls that, on the contrary, the two arrested — (Pedro Guizao Pena) and Humberto Real Suarez — received medical attention: The first for a boil on a testicle and the second for injuries sustained during a fight with a watchman. GRANMA reports that both men were nursed back to health. GRANMA also points out the efforts of this campaign to tarnish the image of the Revolution at a time when the UN Human Rights Commission is holding

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sessions in Geneva. A U.S. resolution against Cuba is often circulated during these sessions.

Cuba: Minister Views 'Intensification' of U.S. Embargo

PA1204015296 Madrid EFE in Spanish 1815 GMT 10 Apr 96

[By Antonio Lafuente]

[FBIS Translated Text] Geneva, 10 Apr (EFE) — Cuban Foreign Minister Roberto Robaina said today the intensification of the U.S. embargo on Cuba is designed to spark an uprising against the government of Fidel Castro.

In an interview granted to EFE, Robaina, who spoke to the UN Human Rights Commission this morning, said the United States has always pursued this option, "not ruling out military intervention."

Asked whether there is a danger of a possible military intervention, Robaina said his country has never ruled out this possibility, although it has also thought of "other scenarios."

Robaina said "Cuba's advantage is that to take over the country, they must invade it," adding that to do so "the invaders must be willing to kill many people" and to assume that cost.

On the "other options," the Cuban official said there are "many variants" and said "any situation is a good pretext to implement an operation to restore democracy, to practice preventive diplomacy, or to restore peace."

Meanwhile, Robaina said "we are living in a world in which wars are no longer wars and in which one does not know whether one is being killed because one is being invaded or because the food is coming in the mouth of the cannons." [sentence as received]

Robaina believes the United States has always tried to provoke a domestic uprising "that would stir any type of action against the government and, taking advantage of the slightest incident on a street, it has always had a pretext that will fit any such operations, but none of these attempts has been considered as war."

Asked about the "dirty, political plot" he disclosed to the Human Rights Commission today, Robaina said he was referring to the "ultra-rightist forces in the U.S. Administration that react against any attempt not at rapprochement but, rather, to make closer ties with Cuba, to diminish the levels of hostility between Cuba and the United States."

In his speech to the commission, the minister said the Helms-Burton law, which intensifies the embargo on Cuba, "constitutes the most cruel violation of 11 million people's right to live," but he warned that Cuba will not allow more aggressions or threats.

Asked about what measures Havana will adopt to annul the effects of the Helms-Burton law, Robaina said "we are experts in violating U.S. laws, but we will not disclose our plans, because that is what the United States wants."

He denounced that the Helms-Burton law goes beyond attacking Cuba's sovereignty, because what the United States wants is "to decide who can be the trading partners of other countries." Robaina said "what is happening to Cuba today could happen to any other country tomorrow."

Robaina added that the United States is concerned because "for the first time, it is faced with a country that yields results along with resistance. The United States is bitter over the 2.5 percent growth registered in 1995 and will be even more bitter over this year's 5 percent growth." Robaina contended that there is a process of economic reforms that "will go on with or without the Helms-Burton law," adding that the first results can already be seen.

He mentioned that the process of reforms will continue but warned that it does have limits, "because neither the country nor the socialist process is for sale, not even through the process of mixed investments."

Asked whether Cuba will down more planes if it believes its airspace has been violated, Robaina said Havana "will continue to defend the country's sovereignty" but will not respond to any violation before it takes place.

Cuba: UN Commission's Condemnation of Coercive Measures

PA1204043196 Havana PRENSA LATINA in Spanish 1808 GMT 11 Apr 96

[By Javier Rodriguez]

[FBIS Translated Text] Eumelio Caballero, Cuban ambassador to the United Nations in Geneva, confirmed to PRENSA LATINA today the UN Human Rights Commission's condemnation of coercive measures against any country.

Speaking from Geneva via telephone, Caballero said the commission approved the resolution today a few hours after Cuban Foreign Minister Roberto Robaina and the Cuban UN ambassador addressed the plenum denouncing the U.S. embargo against the island.

The document rejects the manipulation and use of medicines and food to gain political ends and the

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application of extraterritorial dispositions in that regard, which political analysts and reporters have pointed out as another condemnation of the Helms-Burton law with a view to strengthening the blockade against Cuba.

The ambassador said the vote in favor of the proposal was overwhelming, because 32 countries approved the measure, 14 opposed it, and seven abstained.

According to Cuban Foreign Ministry sources, this means in regard to a similar proposition discussed at that organization [sentence incomplete as received]

Cuba: Fidel Castro Meets Visiting Russian Legislators

PA1104185196 Havana Radio Havana Cuba in Spanish 0000 GMT 11 Apr 96

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Cuban President Fidel Castro has met in Havana with a Russian State Duma delegation on developments inside both countries and possibilities for broader trade relations. Vitaliy Sevastyanov, head of the Russian State Duma delegation, reassured the Cuban president of Russia's support in light of U.S. threats and new pressures. Sevastyanov pointed out that in addition to the trip's political importance, there is interest in strengthening economic relations with Havana based on the 1995 agreements and on promoting Russian state and private investments. The Russian legislator reiterated the Duma's support for the Cuban Government's position on the downing of two U.S. pirate planes that violated Cuban airspace on 24 February, adding that the Duma condemns any attack on Cuba's sovereignty. The delegation has visited the Genetic Engineering and Biotechnology Center, the Juragua Nuclear Power Plant, and tourist sites and met ranking officials of the Foreign Investment and Economic Cooperation, Basic Industry, Foreign Trade, Justice, and Foreign Ministries. The delegation ends its visit on 11 April.

Cuba: Agricultural Fair Reappears After 40-Year Absence

PA1104201896 Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 9 Apr 96

[Report by correspondent Gloria Guerrero; from the "NTV" newscast]

[FBIS Translated Text] Bayamo has hosted the Granma '96 agricultural fair. Thousands of people enjoyed the 10-day event, which had not been held in 40 years. Several provinces received awards in different categories. The historic importance of this event to the people of the eastern provinces was evident:

[Begin recording] [Guerrero] Commander of the Revolution Guillermo Garcia Frias, the fair's main promoter, led the closing parade. Camaguey Province not only took first place in the dairy and beef categories but also proved the fair's best exhibitor. Santiago de Cuba and Granma Provinces placed second and third, respectively. The national enterprise for protecting plants and wildlife earned the most outstanding award in the horse exhibition. In this same category, Maria Antonia Pujols was chosen as the best breeder. A true authority in breeding and crossbreeding animals, Pujols said that she was satisfied with the fair's outcome.

[Pujols] I think that it has been an extraordinary fair, much more then we anticipated. The people of Bayamo have welcomed the fair exceptionally well. This is going to bring about a revival of the livestock sector in Bayamo and in Cuba, in general.

[Guerrero] Matanzas representatives proved the rodeo champions. The equestrian awards went to the teams from Rancho Azucarero and La Belen, both from the plant and wildlife enterprise, and to the Eastern Army's Rancho Mexico. [end recording]

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Mexico: Pen Pal of 'Unabomber' Kaczynski Comments

PA1204051196 Mexico City XEW Television Network in Spanish 0300 GMT 12 Apr 96

[Report by Sergio Valles; from the "24 Hours" newscast — passages with quotation marks are recorded]

[FBIS Translated Text] He is already known as the Mexican connection but has nothing to do with the crimes committed by the Unabomber.

We met Juan Sanchez Arreola at his residence in Ojinaga this morning. For years, Sanchez Arreola was the pen pal of Theodore Kaczynski, the man who has cold-bloodedly killed individuals he decided should die. Some of them were maimed because of his penchant for manufacturing bombs he has mailed to innocent people.

Juan Sanchez Arreola, from the border city of Ojinaga, Chihuahua, was a pen pal of Theodore Kaczynski, an alleged U.S. terrorist, for almost eight years. Sanchez Arreola spoke of his relationship with the Unabomber. He said he thought he was going to die when he learned of the identity of his epistolary friend, but, he said, I cannot describe him as a bad person:

[Sanchez Arreola] "Because of my age and the way I have spent my life, I cannot describe him as a bad person."

Sanchez Arreola knew Kaczynski only through the 60 letters they wrote each other and because David Kaczynski, a brother of Theodore, after learning Spanish and learning of Sanchez' fondness for his relative, asked Sanchez to give advice to Theodore because the brothers had serious family problems:

[Sanchez Arreola] "This was with the agreement of his mother and brother, not his father, because his father had shot himself three years earlier because he had cancer. Theodore did not go to see him."

From the contents of the letter, the elderly, 66-year-old man, retired from a U.S. Government job, did not notice any mental imbalance in the Unabomber:

[Sanchez Arreola] "From what he wrote, I could not say that he was sick in his head. If you read these letters.... [pauses] and the others were just like these ones."

In addition to the letters, Theodore sent Sanchez Arreola some books and a gift he had made himself:

[Sanchez Arreola] "He sent this to my children for Christmas; this is some sort of pen case."

Another baffling piece of information Sanchez Arreola reported is that Theodore's brother, David, lived in a desert area of Texas for three years inside a hole like a den or a septic tank. David explained he lived there because he was tired of the city.

Kaczynski's pen pal spoke of his relationship with the Unabomber with reservations; he was nervous.

Mexico: Concern About U.S. 'Anti-Immigrant Climate'

PA1204021596 Mexico City NOTIMEX in Spanish 0017 GMT 12 Apr 96

[FBIS Translated Text] Mexico City, 11 Apr (NOTIMEX) — Foreign Secretary Jose Angel Gurria said in Mexico City today the Mexican Government is "deeply concerned" about the xenophobic manifestations and anti-immigrant climate prevailing in certain areas and regions of the United States.

This anti-immigrant climate has prompted incidents that greatly distress Mexico, the diplomat said at a news conference during the official visit of his British counterpart, Malcolm Rifkind.

Gurria characterized as "shameful" such incidents as the one on 2 April when Mexican illegal immigrant Jose Luis Ugalde sustained a fractured rib when he was beaten by a border patrolman in Eagle Pass, Texas. This incident followed the 6 April incident in Temecula, California, in which six illegal Mexican immigrants were killed five days after the beating of three undocumented Mexicans by two sheriffs in Riverside, California.

Gurria said "lawsuits have been filed in all of the cases where there is evidence. There are means through which to demand the fulfillment of justice, and Mexico will take the pertinent steps as the Foreign Secretariat has always done."

Gurria dismissed the possibility that the cited incidents are part of a "U.S. Government state policy to violate U.S. laws. That would not be consistent."

Mexico: Economic Policy's Effects on Debt Payments

PA1104152996 Mexico City EL FINANCIERO in Spanish 8 Apr 96 pp 4, 5

[Report by Alicia Salgado]

[FBIS Translated Excerpt] Timely compliance with Mexico's foreign debt payments, which will involve approximately 10 percent of GDP in 1996, seems uncertain due to the persistent wariness of local and foreign investors in the economic policy used to ensure the recovery of the domestic market, which, according to estimates, will drop an additional 2.5 percent compared to the 15.5-percent drop registered last year.

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According to the private sector, in the first quarter of this year, approximately $3 billion have fled the country due to financial instability, as well as the prospects of low economic growth (2 percent) and high inflation levels (30 percent) in 1996. These projections contrast starkly with the persistently optimistic government discourse that "claims that the sustained economic recovery will begin shortly."

In addition, according to the World Bank and the Inter-American Development Bank [IDB], the competition for funds in the world markets of capital and the high profitability of several markets such as Poland, Chile, or Brazil, reduce Mexico's and Argentina's possibilities to obtain funds from the voluntary markets of capital [mercado voluntario de capital] with better rates and longer terms. In the past year, loans by the voluntary markets of capital to the emergent markets, mainly Latin American markets, were slashed by more than $30 billion following the crisis of the Mexican peso.

In the first quarter of 1996, the government placed $2.4 billion in the debt markets of the United States, Europe, and Japan, while another $600 million were placed by the National Finance Bank, Inc. [Nafin] and the National Foreign Trade Bank of Mexico [Bancomext]. This helped offset the end of the short-term exchange stabilization credit line with the United States and Canada for $1.45 billion to service the public debt corresponding to the first quarter and it also allowed the accumulation of real reserves for approximately $1.25 billion.

However, the lower flows of portfolio investment and the flight of capitals that had poured in during the first weeks of January exerted pressure on the exchange market and triggered an increase in domestic interest rates to levels close to 45 percent in the first 15 days of March. As a result, the payments to service the Mexican domestic public and private debt increased even further.

The Vector Analysis Directorate has estimated that in terms of the greater stability expected in Mexico's financial markets this year, the predicted flow of foreign investment will surpass $8 billion: $6 billion in direct investment, $2 billion in portfolio investment, and another $500 million in the stock market.

According to the public sector's timetable of amortizations and excluding the payment made in January to the U.S. Treasury, Mexico will have to pay $13.5054 billion, in addition to another $1.5 billion by the private and banking sectors.

To make this payment, a net indebtedness of approximately $3 billion is expected. Payments by the Bank of Mexico [Banxico] might amount to another $3 billion, while an additional indebtedness of approximately $500 million is expected.

Of the total to repay, the public sector expects to refinance approximately $6 billion, including the maturity date of the so-called "dual notes" (Cetes [Treasury Certificates]/LIBOR [London Interbank Offering Rate]) for $1.5 billion.

According to data on the 1995 balance of payments disclosed recently by the Banxico, the drastic interruption in the flows of voluntary capital such as last year's, which led to a drop of nearly $4 billion in direct investment and $10.439 billion in portfolio investment in 1995, has not been observed in the first quarter of 1996.

However, InverMexico [Financial Group] and Banamex [National Bank of Mexico] contend, the fundamental problem is that as long as domestic savings remain at considerably low levels, approximately 16 percent of GDP or less, foreign capital flows will be indispensable to finance the recovery of productive investment.

Asked about the pressure that might be exerted on the balance of foreign exchange should the country not receive "enough foreign investment," Banxico officials told EL FINANCIERO that the balance of foreign exchange will be offset by the flows coming from both the public and the private sectors. In addition, they believe that with the predicted annual growth rate of 20 percent for exports, Mexico "will receive the necessary flow to offset the possible public imbalance."

They added that some of the pressure observed in the first days of the year and which led to the sterilization of foreign currency was in response to the public sector's decision to move up the timetable of placements of sovereign debt [deuda soberana], and exceeded the amount projected for the first quarter of this year.

In addition, 11 private companies have considered issuing notes in the international markets in the first half of the year. According to InverMexico, three of these private organizations are banks.

External analysts, who have closely monitored the renegotiation of the Sidek Group's debt, pointed out the 17 Mexican banks' rejection of a refinancing proposal involving $2.1 billion in principal, and $700 million in interest not paid to bond holders, has become since the first week of February the main factor of distrust among investors who purchase Mexican securities in voluntary capital markets.

They pointed out the refinancing of debts of large Mexican companies carried out by the Coordinating Unit for the Refinancing of the Business Banking Agreement [Unidad Coordinadora para la Reestructuracion

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del Acuerdo Bancario Empresarial — UCRABE] "gave preference to Mexican banks, and did not take into account the interests of foreign creditors on an equal basis regardless of how small."

Another factor applying pressure on the foreign currency balance is expectation of the inflow of dollars from the privatization process. As for the privatization of the secondary petrochemical sector, ING Baring believes it has been complicated by strong regional and union opposition, and although about $5 billion are expected from the sale of plants in the best case scenario, the petrochemical industry around the world has "reached" a high price ceiling, thus reducing the ability to obtain more resources.

Foreign Debt, 60 Percent of GDP

According to figures provided by the Secretariat of Finance and Public Credit and the Banxico reported by the International Finance Institute, Mexico has a public and private debt of $173.4 billion, that is, 58 percent of its GDP, as of the close of 1995. The country will pay about $14 billion in interests and 13.7 billion in capital this year. The latter figure does not include private banking amortizations resulting from the nonrenewal of its international interbanking debt but it does take into account amortization of the stabilization line carried out in January.

Thus, foreign currency disbursements to service the country's total foreign debt are estimated at 10 percent of GDP for 1996 based on a 3 percent GDP growth, that is, about $303 billion.

Public sector amortizations for this year alone surpass $13.505 billion of which $3.016 billion will be used to pay international bank creditors, and more than $10.5 billion to other creditor, including $4 billion in bonds, which were placed on voluntary markets, some of which were issued in 1995, that will come due.

In the opinion of market analysts of Citicorp, J.P. Morgan, and Goldman Sachs, although there is confidence in the refinancing of about $6 billion in public and private debt that will come due at international markets, cost will remain high due to payment of the "risk country" premium.

According to ING Baring, taking into account the effect of the debt refinanced with a fixed rate, the annual average interest rate paid by Mexico abroad was 8.5 percent in 1995. In the case of sovereign international sales the average was over 9.5 percent and for private banks adjusted to this risk it was 10.25 percent.

Goldman Sachs believes the second half of this year could mark the return of Mexican issuers to voluntary debt markets. "Earlier, it was just not the right time, and although there is certainty that the correct economic program is being implemented to recover healthy growth, investors of global or dedicated funds expect to see effective growth and a reduction of financial volatility," said Jorge Mariscal, chief analyst and vice president of this New York firm.

Citicorp's Emerging Markets Research Department believes that in terms of the major restructuring process Mexico's external debt endured during 1995 which allowed the repayment of $29.8 billion in Tesobonos [Treasury Bonds] with a loan contracted with the U.S. Treasury, "the repayment calendar is now much more manageable than last year's, and that of 1994, despite the increase from $162.6 billion to $173.4 billion recorded in the country's foreign debt between December 1994 and December 1995. [quotation marks as published]

According to figures reported by the International Finance Institute, Mexico's total external debt includes $18.6 billion owed by the Bank of Mexico, $103.7 billion from the public sector (including government securities in pesos in the hands of foreigners), $20.8 billion in debt by the Mexican banks, and $30.3 billion from the nonbank private sector.

Mexican Foreign Debt In Billions of Dollars

	Dic/94	Dic/95
Bank of Mexico	3.9	18.6
—IMF	3.9	16.4
Public Sector	105.8	103.7
—Brady	31.8	31.7
—Eurobonds	12.8	17.9
—Multulateral	17.5	18.3
—Bilateral	16.7	15.4
—Stabilization Fund	0.0	10.5
—Gov. Securities in Hands of Foreigners	20.5	2.8
—Others	6.5	7.1
Mexican Banks	25.1	20.8
—Interbank	14.0	11.4
—CD's	8.3	6.2

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	Dic/94	Dic/95
—Ebkks [expansion unknown]	2.8	3.2
Private Sector	27.8	30.3
—Banks	11.1	13.8
—Bonds	11.2	11.2
—Others	5.5	5.3
Total	162.6	173.4

Source: International Finance Institute. Data Book SHCP [Secretariat of Finance and Public Credit] Sep 95. Bank of Mexico.

Mexico: Zedillo Receives UK Foreign Secretary Rifkind

PA1204001996 Mexico City XEW Television Network in Spanish 0300 GMT 11 Apr 96

[From the "24 Hours" newscast]

[FBIS Translated Text] President Ernesto Zedillo received Malcolm Rifkind, British secretary of state for foreign and commonwealth affairs, at Los Pinos presidential residence this evening.

Rifkind began a working visit to Mexico on 10 April. In a subsequent news conference held at Los Pinos, Rifkind commented on his one-hour meeting with President Zedillo:

[Begin Rifkind recording, in English] We believe that the steps that have been taken so far have led to a very substantial restoration of confidence in Mexico and in its future. We recognize that there are still big, outstanding difficulties. Obviously, the recession has had a very damaging impact on jobs, on inflation, and on other aspects of that kind, but it seems to us that the macroeconomic decisions that have been taken and that are being implemented are having the desired effect. [end recording]

The UK is the second leading country with the most investments in Mexico, and, according to the secretary of state for foreign affairs, Mexico is seen as a very important country, the 12th leading economy in the world worthy of a trade relation with the EU despite the protectionist positions of certain members. Mexico is also a healthy country in which to invest, he said.

On other topics, the British secretary of state for foreign affairs condemned the recent beating of Mexican illegal aliens by California authorities, especially because they were policemen, he said.

As for Raul Salinas de Gortari's account in a London bank, he only said that the account is frozen and that contacts between British and Mexican authorities continue in order to determine the source of the money. The British ambassador to Mexico, Adrian Beamish, accompanied Secretary Rifkind.

Upon his arrival in Mexico City, the British secretary also commented on mad cow disease:

[Begin Rifkind recording, in English] Well, I believe that particular problem is a problem that is now being resolved, and it will be resolved on the basis of the scientific evidence so that public health will be very well safeguarded. There is a whole range—I cannot give you the precise details—but I am sure there are very many foodstuffs that Mexico does import, but we ensure that it is the highest quality of products and that is how it should be. [end recording]

Mexico: UK's Rifkind Addresses Foreign Ministry

LD1104171496 (Internet) FCO On-Line WWW Service in English 11 Apr 96

["Speech by the Foreign Secretary, Mr. Malcolm Rifkind, at the Ministry of Foreign Affairs, Mexico City, 11 Apr 96 — 'Britain and Mexico: Natural Partners'"]

[FBIS Transcribed Text]

Introduction

Foreign Minister, Ladies and Gentlemen. May I begin by saying how glad I am to be making my first visit to Mexico. Forty-six years ago, in The Labyrinth of Solitude, the Mexican Nobel Prize winner Octavio Paz described a narrow European view of Mexico:

'The European considers Mexico to be a country on the margin of universal history, and everything that is distant from the centre of his society strikes him as strange and impenetrable.'

In 1996 such perceptions are gone. Europeans can no longer afford such parochial attitudes. Today Mexico forms the Crossroads of the Americas. It looks North, as a member of NAFTA [North American Free Trade Agreement]; West, by participation in APEC [Asia-Pacific Economic Cooperation]; South, with further thickening of already substantial ties to the rest of Central and Latin America; and East, as its long links with Europe now enter a new phase. Mexico's place in the OECD - the first new member for 22 years - symbolises its wider global role.

It is for these reasons I am so pleased to come here. But there is another far more powerful reason: Today Mexico and Britain are natural partners.

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Let me explain. In an interdependent world all countries face common challenges: To compete and prosper in a world economy; to halt the spread of weapons of mass destruction, drugs and crime; to reconcile economic growth with the sustainable use of shared natural resources and protection of our environment; and, above all, to strengthen at home and abroad the rule of law, democracy and free trade, upon which foundations our security and prosperity depend. This is a serious enterprise.

Britain and Mexico are natural partners because on so many of these issues we share similar outlooks and similar interests. We share a commitment to reform and modernisation. We share a faith in open free trade. So I believe we can work together more closely, that each of us has much to offer the other.

Britain and Mexico

I will not focus today on our past ties, rich as they are. You will know of the 19th century British engineers who built ports and railways here; the British capital that financed foreign trade and launched the oil industry; the Cornish tin-miners who brought pasties and football. British footballers came back more recently, in the 1986 World Cup. You may recall that English progress was halted then by what was said to be the Hand of God; which that day took Argentine shape.

I want to concentrate on our present and future links. They take many forms. Commerce, for example. With over 4 billion pounds Sterling invested here, Britain is the second largest foreign investor in Mexico. The firms involved cover a wide spectrum of UK industry: Shell and Uniliver, Glaxo-Wellcome and Zeneca, Cadbury Schweppes, Johnson Matthey, Turner and Newall. UK firms are working with their Mexican partners to develop new markets for Tequila.

Consider too our cultural ties - involving artistic exchanges, university links and our scholarship programme. President Zedillo and Foreign Minister Gurria are among five members of the Mexican government who studied at British universities.

When President Zedillo came to London in January, he and John Major agreed that our bilateral relations are in good shape. But they also agreed that there is room to add more substance to those relations. In trade for instance, Britain provides less than 1 percent of Mexican imports; less than our share in other American countries; far less than our overall share of world markets. With Mexico's potential, and Britain's commercial strengths, this is something I want to see corrected.

In January President Zedillo and Prime Minister Major signed a Joint Action Plan for the development of UK/Mexican relations focussing on political, cultural, economic and commercial objectives. This plan is significant. It is one of only two that Britain has. The other is with Japan, and marks a developing UK/Japan partnership in Europe and Asia. On the same model, we want to build a UK/Mexico partnership between Europe and the Americas.

Mexico/Latin America

Let us consider the two sides of this partnership. What attractions, first, does Mexico hold for Britain?

In Mexico we find a nation concerned to enhance stability, national and international, by strengthening the rule of law and democracy; and by promoting pluralism and human rights. It is good news that the situation in Chiapas is responding to this approach. In the economic field, we find Mexico committed to reform, the free market, to deregulation and to privatisation - recognising, like the UK, that these are the essential ingredients for substantive growth and development. The progress made in restructuring the economy over the past ten years has been remarkable.

So there is a strong commonality of approach; furthermore, Mexico's huge economic potential offers great opportunities. Mexico is the world's 12th largest economy. Its import market exceeds those of the three biggest South American markets, Brazil, Argentina and Colombia, combined. With the many wider changes underway here, Mexico is becoming an increasingly valuable economic and political partner.

I am certain Mexico is right to place importance on sound macro-economic policy and structural reform, on democracy and the rule of law. These principles are vital underpinnings for any country that is to fulfil its economic potential.

So I welcome and applaud the bold steps Mexico has taken since the 1994 crisis to set the economy on the path to recovery. Some commentators questioned whether Mexico would abandon reforms. It did not, and instead committed itself to even stronger measures. That must be in Mexico's best long-term interest. There is still much to do. But the latest economic indicators, buoyant exports, falling inflation, and signs of rising domestic activity, are encouraging.

Mexico holds a wider attraction as a Gateway to the Americas. The Americas are today the centre of far-reaching economic and political change. NAFTA has created a single market of 350M people. The 1994 Summit of the Americas produced agreement to create a Free Trade Area across the entire hemisphere by 2005.

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Striking too is the revitalisation of Central and South America. The spread of democracy across the continent, the economic reforms in Brazil, Argentina, Chile and elsewhere are evidence of that. So is increased regional cooperation, in the Rio Group and Group of Three, in Mercosur [Southern Cone Common Market] and the Andean Community, at the Tuxtla-Gutierrez Summits. The negative images of the past have been replaced by clear commitment to the values of democracy, human rights and economic liberalism.

Mexico is playing a key role in this: Providing economic help for Panama and Nicaragua; working with Venezuela to supply discounted oil in the Caribbean; encouraging good relations between Guatemala and Belize; devising trade agreements with Chile, Costa Rica and others, as an example for the region; supporting change in Cuba.

This pattern of cooperation is generating significant economic success within the region. Trade within Mercosur has doubled in five years. The Latin American Jaguars bear favourable comparison with the Tigers of South East Asia. Argentina's economy, for example, is over twice the size of Hong Kong's; Colombia's comparable to Singapore's; Brazil's three times the size of Indonesia's, one-and-a-half times South Korea's.

This cooperation has also generated major new opportunities for outsiders. Over the last 15 years one-third of Mexico's inward investment has been European, the lion's share British. With our strong historical ties in Latin America, Britain must build on these footholds. The huge privatisation programmes in Argentina and Brazil, as well as here in Mexico, offer obvious openings where UK firms are well-qualified to help.

I would remind you of John Major's words two years ago when he helped celebrate the 50th anniversary of Canning House: '(Britain and Latin America) have a joint interest in political stability, in the security of our investments and in a thriving and growing trading partnership.'

So Mexico, and beyond Mexico the Americas as a whole, offer a compelling case for closer, active British engagement.

Britain/Europe

What about the other side of the partnership? What can Britain offer as a partner for Mexico?

I suggest two things. First, Britain has a thriving, dynamic economy, and a track-record of political and social reform, that are directly relevant to Mexico's own modernising agenda. Second, Britain can be a gateway for Mexico into Europe.

In the 1980s and 90s the British economy has been transformed. The United Kingdom has undergone fundamental change in order, like Mexico, to meet the challenges of the global market. The essence of this revolution has been to rein in the role of the state, and unleash the creative energy of private enterprise. We have pursued these goals by deregulating our economy; by turning loss-making state corporations into world-beating private companies; by lowering tax burdens on business. We have reduced the non-wage costs that employers must pay, to about half or less of the costs in Germany, France or Italy.

Our policies have brought huge rewards. In the 1970s Britain was plagued by industrial strikes and rampant inflation. Today all that is changed. In the 1980s we had the fastest productivity growth of any G7 country. In the 1990s we are enjoying the longest period of low inflation for over 50 years. Our exports are at record levels. And we are attracting more foreign investment than any other country in the EU - 40 percent of all Japanese and US investment in Europe. By this performance we have added to our traditional areas of expertise new strengths in flourishing high-tech sectors. London, for example, remains the world's leading centre of financial services, the principal focus of international bank lending and foreign exchange, marine and aviation insurance.

But in addition Britain has the world's biggest pharmaceutical company, the biggest mining group, the world's fourth largest electronics industry. We produce almost half the world's turbojet engines. Scotland manufactures 10 percent of the world's personal computers. We are working with other major advanced economies in science, engineering and technology: With more joint research underway with Japan than any nation bar the U.S.

This British revolution has not been limited to the private sector. We have transformed our public sector too, for the more efficient and effective delivery of services to the whole population. We have recognised that the taxpayer who provides the funding has a right to a certain level of standards. That requires better financial management and closer monitoring of performance. In all this Britain's programme of restructuring and modernisation has gone further than that of perhaps any other country. Mexico's concern to modernise and restructure her public administration is yet another example of the growing commonality between us.

In health and education for example, we have worked to improve the output of our hospitals and schools. We have taken steps to raise vocational training standards. In our pension system we have sought to fill the gap between people's expectations and the state's ability to

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support them. As a result of our efforts to encourage occupational pensions, Britain has more money invested in pensions than the rest of Europe combined.

Not all of these reforms have been easy. Not all of them were immediately popular. But we tackled them because they were necessary: Necessary for the long-term health of our economy; necessary for the long-term interests of Britain's citizens. We have turned Britain into the enterprise centre of Europe. Now we find that German banks are moving their operations from Frankfurt to London. The executives of companies like BMW and Sabena talk openly of Britain's structural advantages. And countries like France and Sweden are today grappling with the kind of public sector reforms Britain has already implemented.

In the European Union itself our partners are acknowledging the sense of Britain's enterprise agenda. We have long been the firmest promoters of the European Single Market, which has opened new market opportunities for member states and third countries alike. Today, again thanks to Britain's efforts, the EU is increasingly focussed on the need for deregulation and the challenge of greater competitiveness. The Commission is proposing fewer new regulations, and cutting existing ones. It is tightening up on fraud and waste, compelling member states to meet their commitment to ensure genuine free trade.

Just as Britain was a driving force behind the Single Market, so we are pushing for the EU to be an open, liberalising force in the world economy. We believe firmly that fair rules for trade and investment, fairly enforced, are the surest route to greater prosperity, for all participants. That was true of the Uruguay Round. It is true of the further work now going on in the World Trade Organisation and the OECD.

I have spoken at length about Britain's revolution, economic and structural, about our commitment to market reform and free trade. I do so because they are echoed in so much of what is going on in Mexico. They make us natural partners. British experience and principles make us a dynamic economic partner for Mexico, and a source of ideas for Mexico's new revolution.

Natural Partners

Let me suggest some priorities for this new partnership. President Zedillo's visit to London, and the Joint Action Plan he signed with John Major, have moved relations into a higher gear. This year will see an intensive series of Ministerial visits in both directions. The Chancellor of the Exchequer follows me here in a fortnight. We must exploit these thickening links to build a full programme of cooperation.

I see four obvious areas for us to work on: Domestic reform; closer cultural ties and more commerce; a common approach to global issues; and promoting a more open world economy.

First, cooperation in domestic policy. I see great value for both our countries in sharing our experience of reform. We have begun to work together on this. I am delighted that President Zedillo was able to take part in the seminar here in February on Modernisation of Public Administration. I hope that event has made a useful contribution to Mexico's debate. Work is underway to follow it up. We want to create a longer-term programme of collaboration. We plan a programme of contacts allowing eminent UK experts who have implemented reforms in the public service and economic and social policy to share experience with their Mexican counterparts. Projects are now being drawn up in policing, structures of government and healthcare, with total British funding of well over a million pounds sterling.

My second priority is closer commercial and cultural links. Closer contact can raise awareness of what our countries have to offer each other. The British Council now manages a training programme for English language teaching in every Mexican public university. By the summer over 1,200 teachers will have been trained under that programme. And in Britain the number of Spanish- language students in secondary schools is rising fast. Some of the world's most renowned historians of Mexico today are British scholars in British universities.

The British Government is keen to boost these exchanges. Every year we support over a hundred Mexican students in Britain. We have set up a new scheme for scholarships at the London School of Economics. A prime focus of our work is the Chevening Scholarships that bring future opinion-formers and decision-makers to study in Britain. With about 70 new awards each year, the Chevening Scholarship programme in Mexico is one of the four largest we run anywhere in the world.

All these links must be strengthened. The new Mexican Gallery in the British Museum, and this year's visit to Mexico by the Royal Shakespeare Company, will help ensure that. I think the proposal by the Mexican government for a Mexican Cultural Centre in London would represent an excellent further step.

Most important of all I want to see a major new trade effort. In London the Confederation of British Industry and Canning House have done much to raise awareness

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in British business of the opportunities in Mexico and elsewhere in the Americas. In November last year Britain became the first European country to open a Trade Office in Monterrey. This year we plan to bring several big trade missions. We want to bring Mexican businessmen to Britain too, to see the new openings available. In all this we work increasingly closely with Bancomext.

I am glad to tell you today of a further new initiative. The British Government already promotes trade with Mexico in our North America Now and Link into Latin America campaigns. But we think Mexico warrants a more specific focus in its own right. So we are launching this year a new UK/Mexico Business Drive aimed directly at promoting our bilateral trade and investment. I believe this can bring substantial benefits to both our countries, in new trade, new jobs and new prosperity.

Actual growth in commerce will depend on decisions taken by business. I encourage them to exploit our new support to the full. 1996 marks the 75th anniversary of the British Chamber of Commerce in Mexico. I hope that this anniversary will be a take-off point for a business-led drive to increased trade.

The third area for cooperation is on global issues. We look forward to seeing Deputy Foreign Minister Rebolledo in London next month to continue our high-level dialogue in this area. Here too we have many shared interests. International crime, the drugs trade and money-laundering, for example, have an economic and social cost for both our countries. So the All Crimes Asset Confiscation Agreement we have signed is a valuable step forward to combat some serious common threats.

We also share the objective of a truly comprehensive and universal Test Ban Treaty. Mexico is an active participant in the Conference on Disarmament. I welcome the opportunity for cooperation there between us to secure a CTBT [Comprehensive Test Ban Treaty] this year.

We must cooperate in the United Nations too. There is growing urgency in the debate on UN reform. UN finances and UN social and economic activities are in desperate need of reform and revitalisation. Neither Mexico nor Britain can afford to see the UN collapse. Let us work together on an agenda for change that lets the UN better serve the interest of all its members.

Perhaps the greatest priority for global partnership is on the environment. Environmental cooperation is vital to conserve world food and water, our atmosphere and climate. We all want to see the economic growth that improves prosperity. But development that is not sustainable makes no sense for anyone. Britain is working successfully with Mexico on biodiversity conservation, with four important forestry projects and research and training work in southern Mexico. We both took part in the recent informal meeting of Environment Ministers at Mangaratiba in Brazil. These joint efforts must continue, to build on progress since the Rio Earth Summit and to prepare for the Special Session of the UN General Assembly next year.

Of course Britain and Mexico do not agree on every detail of all the subjects I mention. There are no two countries in the world that enjoy absolute accord on all global issues. But these issues affect, and matter to all countries. Britain wants to work with Mexico not because we agree on everything; but because Mexico plays an increasingly influential role. It is therefore of increasing importance that we work together, including to resolve differences between us where they exist.

My final proposal for cooperation between Mexico and Britain is in liberalising world rules for trade and investment. Here too we have important shared goals. Britain and Mexico know the value of foreign investment in stimulating economic activity and jobs. So we both want to see a new Multilateral Agreement on Investment emerge in the OECD. Mexico is playing an active part in those talks. I hope Mexico will also join Britain in pushing for a forward-looking agenda for the World Trade organisation at its first Ministerial meeting next December. We both recognise the importance to the WTO's [World Trade Organization] success of effective implementation of the results of the Uruguay Round. But that is not enough. We must be ambitious in setting a work programme that maintains the pace of multilateral liberalisation. We have an existing agenda to build on. Britain has proposed seven priority areas for further work to reinforce that agenda: Public procurement, subsidies, intellectual property, standards, rules of origin, tariffs and regulatory reform. I hope we can count on Mexico's support to make progress in these areas.

There is a further, more immediate trade objective to work towards, between Mexico and the European Union. Britain wants the maximum possible trade liberalisation between Europe and Mexico, consistent with WTO rules. Work is underway on a new agreement. We will continue to press hard for an agreement that marks a clear step beyond existing arrangements.

EU/Mexico liberalisation is only one part of a wider picture. The British Government is firmly committed to transatlantic free trade, and beyond that to global free trade. New EU/Mexico links are one important strand of this broader strategy. Another is the agreement reached

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last December between Europe and the United States to examine ways to reduce and eliminate barriers to trade. We are now pursuing a similar initiative with Canada. But all these efforts lead towards the same overall object of transatlantic free trade.

Achieving this requires us first to overcome the forces of protectionism. We are used to hearing in Europe the seductive arguments for protectionism. You in Mexico hear the same case made by some against NAFTA. We both recognise the fallacy of the case. The evidence is that trade liberalisation creates, not destroys jobs. Free trade is a positive sum game, that benefits all participants. The predictions for the Uruguay Round, of a rise in world trade of up to $500 billion by 2005, bear that out. So does the rise in trade between NAFTA countries.

We know too that the potential gains of further liberalisation across the Atlantic are enormous. Sweeping away all remaining tariff and non-tariff barriers could generate an extra $70 billion in transatlantic trade. In public procurement alone total European and North American markets are worth about $900 billion.

So the case for liberalisation, across the Atlantic and around the world is clear. The benefits are obvious to Britain as to Mexico. That is why we want to work with you, and with other like-minded partners wherever we find them, to pursue them.

As John Major told President Zedillo in January, Mexico can be confident that Britain will remain its firmest supporter in Europe in promoting more open trade relations with Mexico.

Conclusions

Foreign minister, ladies and gentlemen. I began my speech by saying that Britain and Mexico are natural partners. I hope I have demonstrated how much common ground there is between our two countries, in the things we are doing at home and abroad. I believe firmly that there is great scope for Britain, as Mexico's friend in Europe, and Mexico, as the gateway to the Americas, to work together more closely and effectively. We must build on the Britain and Mexico Joint Action Plan. We must develop an active programme to improve our prosperity and ensure it is sustained; to tackle global challenges; and to thicken the links between Europe and Mexico. We should make these aims the focus of the natural partnership between us.

Mexico: EU Should Strengthen Ties With Mexico

PA1104235196 Mexico City NOTIMEX in Spanish 0243 GMT 11 Apr 96

[FBIS Translated Text] Mexico City, 10 Apr (NOTIMEX) — British Foreign Secretary Malcom Rifkind today said the European Union (EU) lacks imaginative and generous proposals to implement free trade transactions with Latin American countries, such as Mexico, which could generate great benefits to the EU economy.

Rifkind said the EU should strengthen relations with Mexico, which plays an important role in economic and political issues at the international level.

Rifkind met with President Ernesto Zedillo during his first day of a two-day visit to Mexico City. He said his country favors the speeding up of negotiations to reach an accord between Mexico and the EU.

Rifkind added that the EU members should show a disposition and willingness to negotiate a trade agreement with Mexico without excluding a number of products that certain members have defined as "sensitive."

Several of the 15 EU countries want to establish protectionist restrictions on a number of products, but the situation should be the opposite, and the "framework for negotiations should become larger every time," said Rifkind.

Mexico and the EU held talks in 1995 to sign an accord for economic and political cooperation to develop relations further. A group of EU experts is discussing the means to begin the negotiations.

Rifkind said Mexico is an example of how the European countries could offer more imaginative and generous proposals to begin negotiations, thus benefiting their economies.

Rifkind, who is touring several countries in Latin America and the Caribbean, added that the objective of his visit to Mexico is to strengthen traditional trade and cultural relations between both countries.

Mexico and the UK "are partners by nature" and hold good trade relations; moreover, there is great potential for further development, Rifkind said.

Rifkind said his country has a great interest in dealing with Mexico, adding that Trade and Industry Secretary Ian Lang could visit the country in the near future to continue economic and trade contacts.

Rifkind said his country "applauds" Mexican Government decisions regarding the financial crisis, praising the macroeconomic measures adopted.

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"The government has decided to free the economy in order to modernize it, rather than to return to old solutions," Rifkind said.

Rifkind recalled that the UK is the second leading investor in Mexico, calling it a logical relation, as both economies are very active at the international level. The Uk is number six and Mexico number 12.

According to official British sources, the UK has become Mexico's main European partner, with investments of more than $4 billion by the end of 1995. The United States is Mexico's leading partner.

Bilateral trade registered $879.3 million in 1995 with a favorable balance of $32 million for Mexico. Mexican sales registered $455.7 million, and British sales registered $423.6 million.

Rifkind will visit the recording corporation EMI during his second day in Mexico City; afterward, he will deliver the speech "The UK and Mexico: Partners by Nature" at the Foreign Ministry, where he will grant a news conference accompanied by Mexican Foreign Minister Jose Angel Gurria.

Rifkind will end his visit to Mexico on 11 April and continue his tour in Brazil, where his activities in Latin America will come to an end.

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El Salvador

El Salvador: Editorial Views 'Barbaric Acts', U.S. 'Shame'

PA1104170396 San Salvador LA PRENSA GRAFICA in Spanish 9 Apr 96 p 9A

[Editorial: "The Border War"]

[FBIS Translated Text] Serious events have recently drawn great attention to the problem of illegal migration to the United States via Mexico and Central America. It is a very complex problem with a long history of opinions and difficulties. This subject cannot be treated from a unilateral point of view; quite the contrary, it concerns both the United States and its neighbors to the south. There has been growing U.S. rejection of immigrants, even of those who do so legally. Migration from the south has never been welcome, because these are people who belong to ethnic groups that have been traditionally despised in the great country to the north, where the roots of discrimination are deeply entrenched. Nonetheless, the current wave of rejection is very strong, to the point that the subject has become one of great political importance, such as in California, where the virulent governor got law [ley] 187 approved. This law is, up to now, the strongest legislative expression of this spirit of rejection.

The administration has practically been forced, in a year of presidential elections, to join the crowd, following the most powerful public opinion. What is most serious is that all this heightened atmosphere of negative feelings generates conditions for such scornful and indignant acts, such as the merciless beating that enraged police delivered to defenseless immigrants who did not even put up the slightest bit of physical resistance to the arrest on a California highway a few days back. The United States is a country that is legitimately proud of its traditional record of democratic liberties; thus, the events that were seen live on television should be reason for national shame for U.S. society.

Every country has a right and duty to guard its borders in accordance with the law, but there are very established sociological reasons for demanding treatment other than clubbing. It is inconceivable that these barbaric acts take place in a country with as much tradition as the United States. This raises questions as to its longstanding and honorable tradition.

El Salvador: Democratic Party, Arena Split 'Official'

PA1204034596 San Salvador LA PRENSA GRAFICA in Spanish 10 Apr 96 p A7

[Report by Bernardo Valiente]

[FBIS Translated Text] The Democratic Party [PD] made its split from the Nationalist Republican Alliance [Arena] official yesterday and accused the government of not complying with the San Andres Pact. The party immediately announced its desire to join the bloc of parties trying to become a center option. The Renewal Party [Partido Renovacion], which reserves for itself the right to accept or not the PD, will respond next week.

PD leaders Eduardo Sancho, Juan Ramon Medrano, and Sonia Aguinada said the pact signed around the middle of 1995 immediately yielded fruits, considering that the national budget was bolstered, public employees' salaries were increased by 8 percent, and more funds were allotted to the National Civilian Police.

They said, however, the plan to redirect the nation's path has been forsaken as was the modernization and the agreed on privatization policy and the struggle against corruption, organized crime, and tax evasion.

According to these politicians, the San Andres Pact perished because the government did not accord it the necessary importance.

Medrano said: It has become evident that the government and Arena have failed the people. Medrano said his group is holding talks with Renewal in search of an agreement to form an alliance, a center option to check the polarization leaning initiated by Arena and the Farabundo Marti National Liberation Front [FMLN].

Renewal leader Julio Regalado has confirmed the PD's request to join the bloc initiated by the Renewal Party, Democratic Convergence, and the Unity Movement, and said party authorities are evaluating the request. They will announce their decision next week.

The Democratic Convergence has already accepted the PD joining the bloc, because, as Jorge Villacorta said, its doors are always open to all who are interested in democracy.

According to Arena leader Juan Duch Martinez, just as the pact was actuated through a solemn protocol, so there must be a written retirement notice, and neither the government nor Arena have received this notice; thus, he discarded that there has been an official rupture.

He said: "The pact suited the two political parties and has had positive results; otherwise, the situation would be more difficult."

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Duch Martinez said: "The pact's commitments will be fulfilled, but it must be understood that there is no specific deadline for doing so, and we will continue working in that direction."

FMLN and Christian Democratic Party deputies have said the pact was bound to die, because it emerged without the participation of the country's active sectors and was used only to increase the value-added tax.

Maria Marta Valladares, of the FMLN, and Aristides Alvarenga, of the PDC, said: Time has demonstrated that this is not the way to make pacts for the nation, and the PD has recognized that.

Guatemala

Guatemala: U.S. First Lady To Mediate in Ortiz Case

PA1104170896 Guatemala City Televisiete Television in Spanish 1900 GMT 8 Apr 96

[From the "Channel Seven News" newscast]

[FBIS Translated Text] Foreign Minister Eduardo Stein commented that U.S. President Bill Clinton's wife will intercede directly in the investigations on the attack against nun Diana Ortiz since Mrs. Clinton considers that a U.S. agent may have been involved in the attack.

[Begin recording] [Foreign Minister Eduardo Stein] I respect U.S. President Clinton's wife's decision to do as much as she can to have the U.S. security forces disclose information they deem may be critical. One of the lawyers involved in the case contends that a U.S. security agent may have been involved in some of the attacks reported by the victim. It is my understanding that this is the reason why President Clinton's wife has requested the disclosure of classified information related to covert operations conducted by U.S. security forces in Central America, and particularly in Guatemala.

[Unidentified reporter] In any case, since we are talking now of a decision by the wife of the President of the United States, if the U.S. Government requests information from the Guatemalan Government on this case, would it be done through the Foreign Ministry?

[Stein] As a rule, that is how that would take place. In other words, whenever one government requests information from another government, it is usually done through official diplomatic channels. Therefore, it would be through the Foreign Ministry. At any rate, I believe we should first wait to see what steps are taken by the U.S. security forces. [end recording]

Guatemala: Minister Interested in Security Forces' Role

PA1104170696 Guatemala City SIGLO VEINTIUNO in Spanish 9 Apr 96 p 3

[Unattributed report: "Stein: The Executive Wants To Clear Up the Case of Diana Ortiz"]

[FBIS Translated Text] Foreign Relations Minister Eduardo Stein Barillas announced yesterday his interest, as the United States expressed its own interest, in clearing up the participation of Guatemala's security forces in the kidnapping and persecution of U.S. nun Diana Ortiz.

Stein Barillas said that Guatemala shares Washington's interest in determining the role of its security forces in Central America, specifically in the case regarding the Ursuline nun which occurred in our country.

This intention was expressed by First Lady Hillary Clinton who asked her husband that information needed to clear up the kidnapping and persecution, suffered by Ortiz during the administration of Marco Vinicio Cerezo Arevalo, be revealed.

Stein recalled that one of the charges is the alleged involvement of a U.S. security agent in the case. Mrs. Clinton has asked that the necessary information, which until now remains secret, be revealed regarding the involvement of U.S. security forces in Central American countries, specifically in Guatemala.

The foreign relations minister added in conclusion that if the information regarding the Diana Ortiz case is revealed, it will be sent through diplomatic channels.

Specialist Pinto To Counsel Guatemala on Human Rights Issues

In addition, Foreign Relations Minister Stein said that Guatemala will have the constant counsel of independent specialist Monica Pinto, following Guatemala's success in getting the UN Human Rights Commission to rank it in 17th place.

A technical commission will complement Dr. Pinto's work in watching for the respect of human rights in Guatemala, Stein said.

Stein said this decision favors Guatemala, because Guatemala's effort to enforce respect for basic human rights is recognized by other nations.

Moreover, Deputy Foreign Relation Minister Gabriel Aguilera Peralta explained that the agreement to maintain a constant counsel in Guatemala is not equal to having a rapporteur, because a rapporteur's mission is

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more severe since it consists of pointing out the abuses committed by the government.

Aguilera added that it is different for Guatemala to be evaluated by the Human Rights Commission on a counselor status, than to be analyzed as to what type of examination it must pass regarding human rights issues.

Guatemala: URNG To End War Tax When Accord Signed

PA1204035996 Guatemala City PRENSA LIBRE in Spanish 10 Apr 96 p 2

[Report by Carlos Ajaner Soberanis]

[FBIS Translated Text] The General Command of the Guatemalan National Revolutionary Unity (URNG) yesterday announced its decision to end the *war tax* the moment the accord on the socioeconomic and agrarian topic is signed, according to a press release by the insurgents criticizing the country's agricultural business sector.

According to sociologist Gustavo Porras Casejon, coordinator of the Guatemalan Government's Peace Commission (Copaz), the rebels' decision would become effective in May, because the conclusion of the socioeconomic topic is expected in that month.

Given the importance that signing the agreement under discussion has for the negotiation process, the URNG General Command is prepared to suspend the war tax upon the signing of the accord on socioeconomic issues and the agrarian situation, says the rebels' statement.

In this statement, issued in Mexico, the guerrillas recall that the *war tax* was established following the coup d'etat by President Jorge Serrano Elias on 25 May 1993 when the National Agricultural and Livestock Commission [Comision Nacional Agropecuaria — Conagro] and the Coordinating Committee of Agricultural, Commercial, Industrial, and Financial Associations (CACIF), prevented the progress of the peace process.

In addition, the communique stated, *the war tax only harmed big companies and well-known transgressors of the country's labor laws. The guerrillas explain that this tax never reached exaggerated proportions and was collected by Army and National Police personnel in many instances.*

No Great Surprises

The news did not surprise Porras or CACIF President Humberto Preti who has admitted they had been informed beforehand of the rebels' decision. Porras has said the proposal will not entail any concession to the guerrillas, because *that is not part of the negotiation process.*

Preti added that the decision is positive and shows a signal of goodwill on the part of the guerrillas to conclude the armed strife.

Carlos Aldana, deputy director of the Archbishopric's Human Rights Office, has described the decision as satisfactory and a strong boost to the peace process. Commenting along those lines, Helen Mack has said this *tax* in no way helps the peace talks.

Honduras

Honduras: Sectors Favor Reduction in Armed Forces

PA1104194296 Mexico City NOTIMEX in Spanish 1920 GMT 10 Apr 96

[FBIS Translated Text] Tegucigalpa, 10 Apr (NOTIMEX) — The Honduran Armed Forces believe that the Honduran Army should have a minumum of 15,000 soldiers and a maximum of 25,000. Colonel Daniel Davila Nolasco, head of the General Staff Directorate of Civilian Affairs, said that these numbers have been recommended as appropriate. He added that even though that military institution has stated its opinion, it is up to Congress to determine the number of soldiers that the Honduran Army should have.

The armies of El Salvador and Nicaragua were drastically reduced after the war. El Salvador has even merged the police with former members of the Farabundo Marti National Liberation Front. The Guatemalan Army is still reluctant to reduce the number of its forces, arguing that it still has guerrillas.

Davila Nolasco said that the Honduran Armed Forces budget corresponds to 0.6 percent of the GDP, while neighboring countries, which he did not specify, have military budgets representing between 4 and 6 percent of their GDP. The Honduran military has 20,000 men, but various sectors feel this number should be reduced to a minimum, feeling there is no justification.

Approximately 7,000 policemen who are still under control of the military will come under civilian control during the middle of the year, a measure that has been approved by Congress.

Panama

Panama: Editorial Criticizes Gelbard's Comments

PA1104183196 Panama City EL SIGLO in Spanish 9 Apr 96 p 4

["Forum" editorial]

[FBIS Translated Text] A man's worst kind of imbecility is to believe that all other men are imbeciles. This

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is apparently what the North Americans believe considering that persons like Robert Gelbard, U.S. assistant secretary of state for international narcotics and law enforcement affairs, dare say that if Panama does not get rid of narcocrimes it could produce another Noriega.

Scatterbrained Gelbard thinks the people of this country and of the world do not realize that, from the very beginning of drug addiction and drug trafficking, the North Americans occupy an unchallenged first place no one wants to dispute them.

Knowing this, they periodically and whimsically prepare a list of countries they want to denigrate. This is what they do with Mexico, following the temporary honeymoon they had with Carlos Salinas de Gortari. The Colon Free Zone, the Panamanian Banking System, and the date for the full implementation of the Torrijos-Carter treaties, catch their attention, so the United States has given Mr. Gelbard the task of putting us on second place attracting resentful looks from the honest countries of the world.

The unfriendly intentions of this assistant secretary are made clear by this statement we quote: "Panama is of great importance to the United States and for this reason there is interest in making sure there is a strong legitimate financial sector in Panamanian territory." Curiously, to "strengthen" that economy, Gelbard denigrates it awfully. He naively points to the danger of another Noriega without realizing that for this to happen, the United States, which created that monster and keeps it in a comfortable and elegant prison, would again have to do its part.

Panama: 'Concrete Results' of President's Tour Seen

PA1104195296 Panama City Circuito RPC Television in Spanish 2300 GMT 9 Apr 96

[Report by Milton Henriquez from Brussels, Belgium; from the "RPC Television News" newscast]

[FBIS Translated Text] During the second day of his European tour, President Ernesto Perez Balladares obtained concrete results. Announcements have been made of interesting projects between Panama and the EU.

Manuel Marin, vice president of the EU, who described Panama as the most important hinge between the Pacific and Atlantic Oceans, said the EU is willing to participate in the evaluation and updating of the studies for the Panama Canal alternatives, and supports the scientific project called City of Knowledge.

Marin also told President Perez Balladares that the EU is willing to participate in the evaluation and updating of the studies that have been conducted on the Panama Canal's future alternatives, once the specific process for their participation is established.

Likewise, Marin said the EU is willing to examine its support for the Universal Congress of the Panama Canal slated for September 1997 given the importance of the waterway for Europe.

Marin added that he is aware of the importance that the strengthening of the European presence in the Panama Canal's reverted areas has for its own economic future. He said the European Commission is studying the interest of European businesses in investing in maritime activities as well as in trading in Latin American markets through the export processing zones and the Colon Free Zone as well as in tourism and environment, among others.

According to the European proposal, it was noted that Europe's participation in the evaluation of the alternatives to the Panama Canal is an important step in keeping with the increase of ship transits through the waterway. The Europeans said the number of vessels transiting the Canal has increased in the last few years, which indicates a need to update the studies conducted by the tripartite commission between 1986 and 1993. The conclusion of the studies involve an additional investment of some $25 million.

In addition, today the president of the Republic had breakfast with the Latin American ambassadors stationed in Brussels with whom he talked about Pananian policies regarding the region's integration processes. He said that Panama does not wish to be the sixth country of Central America or the sixth country of the Andean Pact, but the 11th country of a much larger regional bloc, and offered Panama's mediating role to achieve this purpose.

Likewise, he reiterated the proposal to establish a Latin American center in Panama to fight drug-trafficking activities and other related crimes. He also talked about the importance of opening Latin American markets to Europe.

Last night President Perez Balladares dined at the residence of General George Joulwan, the current commander of NATO, and former chief of the Southern Command stationed in the banks of the Panama Canal.

Gen. Joulwan told Perez Balladares about his interest in the development of Panama following his departure from our country. He also congratulated the Panamanian Government for its efforts in the fight against drug trafficking.

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Panama: President Meets Deputies, Businessmen in Brussels

PA1104190996 Panama City Circuito RPC Television in Spanish 2300 GMT 10 Apr 96

["Special" report by Milton Henriquez from Rome, Italy; from the "RPC Television News" newscast]

[FBIS Translated Text] Panamanian President Ernesto Perez Balladares concluded the first leg of his European tour with an official lunch offered by the vice president of the European Parliament followed by a meeting with European deputies.

This meeting took place in Brussels. President Perez Balladares delivered there a speech that touched the usual issues of canal transition, the struggle against drug trafficking, regional integration, and plans for the City of Knowledge in Panama.

After his speech, President Balladares answered questions from European deputies who were present, and who made evident with their questions that they know the Panamanian situation well.

President Perez Balladares felt comfortable giving improvised answers which, apparently, pleased the deputies.

As this was happening in Brussels, in Antwerp, Panama's Commerce Minister and members of the Panamanian business delegation met with approximately 80 European businessmen of the maritime sector, basically shipowners, with whom they discussed our country's port potential, and the possibilities for the maritime community in the framework of plans for the reverted areas.

This meeting, which the commerce minister considered a success, could serve to secure future European investments in the maritime transportation sector of our country.

Afterwards, the Panamanian delegation left for Rome and arrived there this evening at 2030 Rome time.

Tomorrow the presidential delegation will initiate its first official activities in the eternal city.

Panama: President Interviewed on Economy, Investments

BR1104144096 Brussels LE SOIR in French 11 Apr 96 p 2

[Interview with President Ernesto Perez Balladares by Veronique Kiesel; place and date not given: "The Prospects for Panama"]

[FBIS Translated Text] [Kiesel] This is a crucial time for Panama as U.S. forces, consisting of 8,800 men at 10 military bases and charged with protecting the canal, are to leave the country by 31 December 1999. This will leave the canal, at present administered by a U.S. Government agency, in the hands of the Panamanian authorities. Public opinion in Panama favors these U.S. troops staying on....

[Balladares] A large number of Panamanians are certainly favorable to U.S. troops remaining after the year 2000, but this is not for reasons of national security or of the canal's security, but because they believe their departure will have a negative economic effect on the country. But I believe we have tended to exaggerate the job losses which could result. I believe that the vast majority of workers who may lose their jobs would have no problem in finding another one, due to the new investments which are coming into Panama. In the course of several decades, Panamanian workers have acquired skills which have made them a highly specialized work force. There may be a rather uncertain transitional period for some, but our economy will be quickly able to absorb them.

We have had discussions with the United States in order to obtain economic compensation when they leave. The lines remain open, even if there have not yet been formal negotiations on this subject. At the same time, we are also working on redefining relations between our two countries. The U.S. presence in Panama, which is part of our history, has changed greatly over the years. In 1977, with the Panama Canal Treaty, we ended what may be described as the period of neo-colonialism. Much more mature relations have since developed between our two peoples, with respect for our independence and sovereignty. In any event, the precondition for any maintenance of U.S. troops in Panama is for the Americans to consider it necessary, and a political will in this direction on the part of Panama, which is not the case. It is not a question of security. The Americans are not in Panama today in order to ensure our security, but to protect American interests. But there are matters of mutual interest, such as the fight against drug trafficking, which we have decided to fully support, or the laundering of money earned through crime, something which we have succeeded in curtailing to some extent, but which is also a serious problem in the United States.

[Kiesel] What are the aims of your visit to Europe? A reorientation in the direction of Europe?

[Balladares] There are a number of reasons for our visit. First of all, to reassure our European interlocutors on the canal's future: It will continue to be managed in a highly efficient manner by the Panamanians following the transfer in the year 2000. It will still serve the

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same purpose: To facilitate sea transport. We also want to highlight the many investment opportunities for European investors in Panama, private and otherwise. All the installations at present used by the U.S. Army will soon be free and can be used as distribution or manufacturing centers. There are enormous possibilities. We would also like to speak about a possible widening of the canal which would allow it to be used by larger vessels. The European commissioner for Latin America, Manuel Marin, told me that the EU is ready to contribute to studies to be made of how to increase the canal's capacity and to attend the 1997 world congress on the canal. A framework agreement between Panama and the European Investment Bank has also been signed during this visit. This will allow Panama to benefit from European finance for public and private projects.

[Kiesel] The Panamanian Army was recently abolished and replaced with a police force. What has this changed for your country?

[Balladares] Everything! First of all, it has brought total independence for the civilian government, very different to that which existed previously. It has also caused the politicians and civil society to assume greater responsibility, as for a long time the Armed Forces played a very paternalistic role, as in Latin America, and this sometimes degenerated into dictatorship.

[Kiesel] But has not the disappearance of the Army led to security problems?

[Balladares] No. We certainly have the same security problems as in the other major cities of the region, but we have got to grips with them and have achieved a fall in crime and violence.

[Kiesel] The free zone of Colon, situated alongside the canal, experienced a dramatic growth in the 1980's, becoming the second in the world, after Hong Kong. How is it doing now?

[Balladares] This free zone is at present being redefined. Not so long ago, when the whole of Latin America had so many taxes and duties, especially import, this zone flourished. But with the current liberalization in the region, it has lost some of its attraction. It therefore needs a new role, and we believe we must perfect the financing systems and modernize the distribution systems.

[Kiesel] For most people General Noriega remains the most famous Panamanian. What do you think of what has happened to him?

[Balladares] The Americans wanted to get their hands on Noriega so much that they invaded us to do it. Now they have locked him up in Miami for 40 years. They can keep him!

Panama: U.S. Envoy's Statement Said 'Exaggerated'

PA1104155296 Panama City LA PRENSA in Spanish 11 Apr 96 p 2

[Report by Jose Otero]

[FBIS Translated Text] Gabriel Castro, chief of the National Security Council, stated that laundered drug money does not enter Panama through the jungle, but through U.S. banks.

The official described as "exaggerated" a statement by U.S. Ambassador William Hughes that there are 200 clandestine landing strips in Panamanian jungles.

The U.S. diplomat said on 8 April that money laundering is still a serious problem in Panama, and that San Blas and Darien must be rescued from drug trafficking, because they house about 200 clandestine landing strips.

In this regard, Castro remarked that such a statement is "exaggerated," because there is no way to determine the number of rudimentary strips in those places.

"We do not doubt such strips exist because some have been dismantled, but we cannot accept such a high figure," the Security Council chief added.

He said the construction of these rudimentary strips to land clandestinely is very frequent in jungle areas such in Darien, and at the Colombian border, but despite the extension of the territory, there are surveillance flights to control the situation.

Gabriel Castro assured the current government is making great efforts to fight the laundering of drug money, and nobody can be sure of the opposite.

He noted it is illogical to think drug traffickers use Panamanian jungles to introduce laundering money. "Drugs enter through the jungle but laundered drug money comes from U.S. banks, and this is another problem we are facing," Castro added.

Panama: U.S. Interest in Military Bases Examined

PA1104210096 Panama City LA PRENSA in Spanish 11 Apr 96 p 2

["Without Rhyme or Reason" column by Mario J. de Obaldia]

[FBIS Translated Text] A new Noriega?

When about a year and a half ago the Americans said they had little interest in operating military bases in

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Panama, I, naive as I am, firmly believed in the sincerity of their statement. My belief was reinforced when they added they would not pay a penny of rent in case they remained in one or two of the existing bases. A high-ranking military officer even said that, on the contrary, Panama should pay them for staying here. Preliminary conversations on the bases, which we were told had been suspended, continued under the table without the knowledge of the national public opinion, and we all thought that was a closed chapter.

In a recent interview with Robert S. Gelbard, U.S. assistant secretary of state for international narcotics and law enforcement affairs, published by Betty Brannan Jaen in LA PRENSA on 8 April, in which he talks about drug trafficking and money laundering activities in Panama, the official said the following: "The real question for Panama is, "How did you like having Noriega governing the country? Would you like that to happen again?" We have fresh in our minds who encouraged him, who armed him, who financed him, and who kept him in power against the wishes of the large majority of our people. We also know those in government today who surrounded him, supported him, milked him, consolidated him in power, and were loyal to him... until he fell. Some may possibly continue to be loyal to him, and would like to have him back here. We know, however, that even with U.S. support, which he received for many years, the Panamanian people would never allow Noriega's fateful era to return, but we believe that the memory of the serious mistake they made with him is not a very pleasant one for the Americans themselves.

Speaking of drug trafficking and money laundering in Panama, after saying that "the government of Perez Balladares has made a good start, making it clear that it is only a start," Gelbard added: "Our bases will close down soon. The United States will reduce its presence and if one bears in mind that the U.S. military presence has had a deterrent effect, we have to ask ourselves what will happen to Panama." The obvious answer is that we do not believe that the U.S. military presence, which has been here since the birth of the Republic, has had any deterrent effect nor has it found the way to exercise it because, according to what they themselves say, drug trafficking and money laundering activities have increased despite the massive presence of the United States in Panama.

What one could surmise from the statements made by Assistant Secretary Gelbard is that the United States actually does have an interest in operating military bases in our territory because he is painting a gloomy picture if they depart to prompt us to ask them to stay. Mr. Gelbard's arguments seem to us to be farfetched because in many countries of the world, even in the United States, there are people laundering drug-trafficking money, and the amounts passing through Panama should not be exaggerated.

The Noriega experience, which was to a large extent the creation of the CIA, the DEA, and other official U.S. agencies, should not be used to try to convince us that the U.S. military presence here will guarantee the elimination of drug-trafficking and money-laundering activities, because it was precisely during the Noriega era when these crimes reached their peak under the indifferent eye of the Americans.

Panama: President Visits Rome, Says No Referendum on Bases

PA1104200596 Panama City Telemetro Television Network in Spanish 1730 GMT 11 Apr 96

[Report by Dorita de Reyna from Rome; from the "Telemetro Reports" newscast — live]

[FBIS Translated Text] Good afternoon, friends of the noon newscast. President Ernesto Perez Balladares initiated his agenda very early today, Thursday, and had breakfast with the Panamanian consuls accredited in Italy.

He later gave a news conference for the international media where most of the questions were related to economic issues. However, the issue of the military bases took on special significance when the president was asked if they would stay or not, and he replied that a referendum would not be called to decide this issue. He insisted that the areas currently occupied by the military bases will be assigned to investment projects that should provide greater economic opportunities to Panama.

Also today, Perez Balladares was received with honors by the mayor of Rome, and later met with Jim Moody, the vice president of the International Development Fund. [as heard] The Panamanian president also gave a speech to the Food and Agriculture Organization, FAO, plenary meeting this afternoon. He stated that Panama will back the World Food Summit, which is to be held in November 1996, but asked the delegates not to waste their time with theoretical analysis but that they present tangible solutions for the 800 million people who are undernourished in the world. The FAO officials and diplomats who attended the meeting strongly applauded the Panamanian president's speech.

During our next newscast, we will give you more information on, and present video clippings of the second day of President Perez Balladares' visit to Italy.

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Argentina

Argentina: Explosive Device Near Hospital Deactivated

PY1104144896 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1157 GMT 11 Apr 96

[FBIS Translated Excerpt] Buenos Aires, 11 Apr (NA) — At 0440 today personnel from the Federal Police Explosives Brigade deactivated a bomb placed inside a sack and left near the corner of Ramos Mejia and Antonio Machado Streets, only a few meters away from the Naval Hospital where Jorge Berges, a physician formerly involved in acts of repression, is being treated.

An anonymous telephone call made to CLARIN a few minutes earlier had warned about the explosive, just as other threatening anonymous calls and warnings since the beginning of the week.

Police agents made a careful inspection of the hospital's interior and surroundings in search of other explosives after receiving another telephone call from persons claiming to be ORP (People's Revolutionary Organization) members. They also threatened to place another bomb. [passage omitted]

Together with the discovery of the explosive, which turned out to be a gas bottle and a clock, police found slogans painted on five different sections of the Naval Hospital wall. The slogans read: "Berges, what have you done?" and "There must be a reason."

Interior Minister Carlos Corach reported that Federal Police Chief Superintendent Adrian Pelacchi and Navy Chief Admiral Enrique Molina Pico were asked to participate in a cabinet meeting at the Olivos presidential residence.

The police and Navy chiefs were asked to report on the wave of threats, and particularly on the incident at the Naval Hospital this morning. No one was arrested for the painting of the slogans on the wall or the placing of the bomb. [passage omitted]

Hospital Director Rodolfo Moreno said that Berges' health condition "is very serious" and he should not be moved. Berges is being treated for wounds suffered during an attack near his home in the neighborhood of Quilmes on 4 April, which provoked a major respiratory problem. [passage omitted]

Argentina: Secretary Objects to UK Meat Import Barriers

PY1104175096 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1452 GMT 11 Apr 96

[FBIS Translated Excerpt] Buenos Aires, 11 Apr (NA) — Felipe Sola, agriculture, fishing, and food secretary, emphasized today that Argentina "will not permit the imposition of non-tariff barriers to the international meat trade under the excuse of sanitary conditions." He criticized the UK Government for attempting to impose barriers to the entry of Argentine products.

Sola made these remarks during the opening ceremony of the 11th Permanent International Meat Office (OPIC) Congress, which is being held at the National Bank headquarters, and which will end on 12 April.

The agriculture secretary told NOTICIAS ARGENTINAS: "The United Kingdom believes it has full rights because it has the BSE [Bovine Spongiform Encephalopathy] (mad cow disease). I presume their nerves are not steady there."

"A resolution such as British Agriculture Ministry Resolution No. 961, banning the consumption of meat from animals over 30 months of age, without establishing their origin, "has placed us in a very difficult situation," the agriculture secretary emphasized.

Nevertheless, the agriculture secretary emphasized that the UK Government gave an explanation that "will permit our meat producers to continue to export to that country."

Sola added: "We will not approve elements that would represent a precedent for non-tariff barriers and the unwarranted closing of markets under the excuse of sanitary conditions." [passage omitted]

Argentina: Secretary Says Security Under Control

PY1104182496 Buenos Aires TELAM in Spanish 1616 GMT 11 Apr 96

[FBIS Translated Text] Buenos Aires, 11 Apr (TELAM) — Hugo Anzorreguy, Secretariat for State Intelligence (SIDE) head, emphasized today that there are no campaigns or organizations putting the population at risk and that our country's security is totally under control.

Asked about a bomb placed at the Pedro Mallo Naval Hospital this morning, which was subsequently detonated by federal police experts, Anzorreguy told Radio Mitre: "Within our country, there are no campaigns, organizations, or elements putting the population at risk or causing concern to the population."

The SIDE head noted that the people involved in the attacks and telephone threats "are isolated elements." He pointed out: "Our country's security is totally under control, as Interior Minister (Carlos Corach) has placed all the police in a state of readiness."

Asked about a group named People's Revolutionary Organization (ORP), the SIDE head said: "In due time,

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this group was reported to the courts by the interior minister. There were detainees. These detainees were released. Therefore, it would be necessary to investigate these past issues."

Anzorreguy reported: "We don't know if (the ORP currently) represents a reality or a 'rubber stamp' [cover organization]. We believe it is not operating. We would immediately report any other leaks to the population."

The SIDE head also indicated that "we are still not in a position to guarantee the existence of an organization of ideological criminals" nor "can we categorically confirm" the possibility of the ORP having connections in Uruguay.

Anzorreguy added: "We can talk after the judge handles this incident and procures evidence."

Argentina: Decision Allows Provinces To Borrow Abroad

PY1104232596 Buenos Aires LA PRENSA in Spanish 10 Apr 96 p 11

[Editorial: "Debt-Ridden Provinces"]

[FBIS Translated Text] Following the failure of the bill on a second fiscal pact between the federal government and the provinces, the Senate — which lacked a majority to confirm the law on the revenue-sharing scheme — has just authorized the provinces to obtain loans from foreign banks. The provincial governors had recoursed to cross-border lending practically en masse.

Although it has been established that the amount of the loans will be deducted from the revenue-sharing allocations from Buenos Aires with "repayment guarantee," it is a moot question whether the provinces can honor their financial commitments with the federal bank. As of now, it may also be a moot point whether obligations with foreign banks can be fulfilled. With the exception of two or three, all the provinces have amassed huge debts with the Federal Treasury.

The alacrity with which the Senate has found a shortcut to obtain new funds stems from the fact that, pursuant to the Constitution, provinces have three representatives in the upper chamber (prior to the 1994 reform, there were two senators per province) irrespective of their economic importance, output volume, standard of education system, etc. Moreover, senators' terms are double those of deputies. Senators frequently become governors, who, sometimes, resort to the most censurable measures to renew their terms of office twice or even three times. The cases of "governing families" in the provinces as well as nepotism to cover the upper echelons of the three branches of government are well known.

The vexed question is who, what branch of government, what political class will finally discipline the ungovernable and often profligate provinces, which are being asked to boost tax collection and cut government spending, but to no avail. Lately, they have also been asked, albeit quite unsuccessfully, to privatize public enterprises and utilities which are an endless source of carelessness in the provision of services, extremely high remunerations for their directors, and successive deficit, which keep dragging on.

Argentina: Foreign Minister on Internet Offer of Passports

PY1104191296 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1128 GMT 10 Apr 96

[FBIS Translated Text] Buenos Aires, 10 Apr (NA) — The Argentine government downplayed the importance of an add in Internet from a company that offers "forged" Argentine passports, and considers the fact "neither serious nor important."

Argentine Foreign Minister Guido Di Tella downplayed the importance of the offer of passports via Internet and said that it is "neither serious nor important," although he admitted that all the information he received came through the media.

According to the media report, the Panamanian company Privacy Tools is offering in its home page in Internet Argentine passports, which, "as of the end of the year, will not need visas for entry into the United States."

Following a title that states: "Argentine Passport: One of the Best Investments," the company offers the passport for $32,000 in its electronic address.

Di Tella referred to a report published in a Buenos Aires daily yesterday. However, before giving a definite opinion, Di Tella said he prefers "to check the veracity of the report."

"We will adopt all the necessary measures because we are not interested in having the measure revoked," Di Tella said, in reference to the U.S. decision to allow Argentine citizens to travel to the United States without the need for a visa, possibly as of the end of the year.

This aspect is being exploited by the company that offers this "service" aimed at citizens who have difficulties entering the United States.

Meanwhile, Federal Police Chief Adrian Pelacchi said that the report is "not serious" adding that "it probably is just a story [a lie], as Argentines say."

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Therefore, he said, "possibly, the candidate asks for a passport, pays some money in advance, and then would receive something, but not a real passport."

Argentina: International Meeting on Malvinas Fishing Issue

PY1104232396 Buenos Aires TELAM in Spanish 1916 GMT 11 Apr 96

[FBIS Translated Text] Buenos Aires, 11 Apr (TELAM) — Justicialist Party [PJ] Senator Eduardo Menem will expound on Argentina's rejection of Great Britain's decision to charge for fishing licenses in the South Atlantic at the World Inter-Parliamentary Union assembly.

The president of the Senate's Foreign Affairs Committee recently departed for Istanbul, Turkey, where the 95th Assembly of the World Inter-Parliamentary Union will take place as of 20 April.

Eduardo Menem heads the Argentine delegation, which includes Senators Augusto Alasino (PJ), Juan Carlos Oyarzun (M. P. Tierra del Fuego Province) [Popular Movement], and Luis Leon (UCR) [Radical Civic Union], among others.

The senator from La Rioja Province advanced his trip to Turkey to participate in the organization's Executive Preparatory Committee, of which he is a member.

Menem will submit to the assembly Argentina's position regarding the recent controversy with the United Kingdom, which wants to charge for licenses to fish in the area around the Sandwich Islands.

Congressional sources also indicated that the congressman will ratify Argentina's firm conviction of its sovereign rights over the Malvinas Islands and other territories in the South Atlantic that have been usurped by Great Britain.

The sources indicated that the Argentine spokesman will refute the "absurd arguments" used by the British regarding sovereignty.

He will not only cite the historical background of the islands, how they were occupied by force, but also highlight the fact that the territory was populated with "inhabitants brought from a metropolis."

The debate on the Malvinas Islands will be held within the chapter on the overall evaluation of the political, economic, and social situation at world level.

The assembly's agenda also includes discussions on the protection of minorities and the preservation of living marine resources.

Argentina: U.S. 'Colony, Protectorate' Inference Rejected

PY1104225696 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1923 GMT 11 Apr 96

[FBIS Translated Text] Buenos Aires, 11 Apr (N... — Justicialist Party [JP] Deputy Antonio Erman Gonzalez today told U.S. congressmen and U.S. Ambassador James Cheek that Argentina "does not seek to be a colony or a protectorate" of the United States, and called for "mature and respectful" bilateral relations.

This was said during a luncheon with the visiting congressmen, who are members of the Foreign Relations Committee of the U.S. Congress, at the Conference Room of the Chamber of Deputies.

After the meeting, Erman Gonzalez gave an overall view of what was discussed. They talked about the Cuban blockade, the patent law, and the atmosphere created here by threats and attacks by the Revolutionary Organization of the People.

Within this context, Ambassador Cheek expressed confidence that the Argentine security forces will end the concern provoked by that organization by determining who is responsible for the events, the motives for them, and the participants.

Erman Gonzalez, president of the Foreign Relations Committee of the Chamber of Deputies, referred to the project recommending that the U.S. blockade of Cuba should be lifted, which was approved unanimously last night by the chamber.

Deputy Dan Burton, the author of the law that penalizes those who invest in Cuba with U.S. capital, participated in the meeting.

The deputy told the media that the discussions were just an exchange of information.

Erman Gonzalez indicated that he told the visiting congressmen about the need to maintain "a mature, respectful, and equitable relationship" with the United States, and he stressed that "we do not seek to be a colony or a protectorate" of that country.

After the luncheon, Ambassador Cheek said the patent law was also discussed, but only at an informative level.

The diplomat again reiterated that "no demands" or "suggestions" were made by the United States regarding the participation of the Argentine Armed Forces in the fight against drug trafficking, thus seeking to cool down the touchy situation that emerged regarding this controversial topic.

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Argentina: U.S. Antidrug Aid Considered 'Schizophrenic'

PY1204012596 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2158 GMT 11 Apr 96

[FBIS Translated Text] Buenos Aires, 11 Apr (NA) — Miguel Angel Toma, president of the Defense Committee of the Chamber of Deputies, today rejected the idea that the Armed Forces will participate in the antidrug fight and warned that Congress will not allow "society to be militarized" under the excuse of fighting that type of crime.

Toma also described as a "schizophrenic strategy" the policy implemented by the United States with several South American countries, among them Colombia and Peru, which are given $5 billion to pay for the military actions against drug trafficking.

In remarks to a radio station, the congressmen supported remarks made by President Carlos Menem, who on 10 April stressed that the Armed Forces could participate in the fight against drug trafficking but only in "exceptional" cases.

He explained: "This is contained in the Interior Security Law, where the exceptions are linked to what is stated in Article No. 26, which defines military participation."

He ratified the official position of not allowing the Armed Forces to participate in the fight against drug trafficking, and acknowledged that there had been an unofficial U.S. request in this respect. He warned that Congress will oppose that possibility.

He emphasized: "We will not run the risk of a militarization of society under the excuse of the fight against drug trafficking."

Finally, he criticized as "schizophrenic" the money the United States is giving to several countries so their Armed Forces can fight drug trafficking.

He said: "Bolivia, Colombia, and Peru have their own reality and their own conflicts. Problems appear when there is the desire to generalize that situation in other Latin American countries that do not have similar situations."

Argentina: Legislators Summon Cavallo To Discuss IBM Case

PY1204033496 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2215 GMT 11 Apr 96

[FBIS Translated Text] Buenos Aires, 11 Apr (NA) — Radical [Civic Union, UCR] congressmen today demanded that Economy Minister Domingo Cavallo personally appear in Congress to discuss the Economy Ministry's involvement in the contracting process for a computer system between the Bank of the Nation and IBM.

The summoning of the minister was justified on the basis of the fact that the members of the economic team presumably knew in November 1993, through Aldo Dadone, then president of the Bank of the Nation, about all the details of the contract with IBM that later caused charges to be brought before the courts.

The request for the summons was made during a meeting of the Joint Congressional Auditor of Accounts of the Public Administration Committee. Enrique Paixao, head of the National Auditor's Office, and Roque Maccarone, president of the Bank of the Nation, participated in the meeting.

The UCR congressmen also demanded that Paixao conduct an audit of the Informatics Systems Undersecretariat of the Presidency to determine this body's degree of responsibility in "the lack of control" in the contracting mechanism for the so-called "Centenario Project," which was aimed at computerizing the Bank of the Nation.

The meeting, which was held behind closed doors, was attended by Radical congressional representatives Leopoldo Moreau, Antonio Berhongaray, Juan Melgarejo, and Jesus Rodriguez; Justicialist Party congressional representatives Eduardo Vaca, Jose Luis Gioja, Ricardo Branda, and Maria Cristina Benzi; and Maria Cristina Guzman, deputy for the Popular Movement from Jujuy Province.

At the end of the meeting, Paixao highlighted the lack of control that existed during the contracting process, and he said that "there was an clear lack of control by the Informatics Systems Undersecretariat and by the Bank of the Nation's specialists."

Moreau stressed that during the reports given by Paixao and Maccarone "it was made very clear that the Bank of the Nation never had a support [muleto] informatics system, although it did exist when there was an attempt to collect the 37 million pesos, of which 21 million was paid out."

The congressman criticized the performance of the Informatics Systems Undersecretariat, and he said that "it acted with unusual speed when it drafted a report in barely one day."

He also stressed that the report was approved very quickly by the under secretary, "but by that time the Bank of the Nation's tender for the purchase of an informatics system had already been carried out."

Moreau and Deputy Jesus Rodriguez agreed on pointing out that "throughout the whole affair the Economy

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Ministry's involvement is not very clear." "The Economy Ministry should have institutionally taken action in the affair because the Bank of the Nation falls under it," Rodriguez said. He maintained that according to press reports at that time, "Minister Cavallo knew about the informatics project before the scandal came to light."

Bolivia

Bolivia: President Announces Fujimori Trip Postponed

PY1104202296 Madrid EFE in Spanish 1922 GMT 11 Apr 96

[FBIS Translated Text] La Paz, 11 Apr (EFE) — Bolivian President Gonzalo Sanchez de Lozada today announced that the visit of his Peruvian colleague, Alberto Fujimori, has been postponed until 25 May 1996.

The Peruvian chief of state was scheduled to arrived in La Paz on 14 April for a two-day official visit.

However, Sanchez de Lozada's commitment to the meeting of the foreign ministers of the Rio Group and the EU, which will be held on 15 and 16 April in the city of Cochabamba, in the central region of this country, forced a postponement of the visit.

The Bolivian president indicated that he and Fujimori decided to postpone the visit until 25 May, when the Peruvian president will accompany him in the celebrations of the anniversary of Chuquisaca Department, in the southern area of the country.

Bolivia: Poll Shows Public Disapproval of Administration

PY1104165796 La Paz PRESENCIA in Spanish 28 Mar 96 p 6

[Unattributed report: "Bolivian Catholic University Survey Shows the Public Disapproves of the Administration"]

[FBIS Summary] A public opinion poll conducted by the Bolivian Catholic University, UCB, among 1,600 persons residing in the leading cities of the country on 16 March showed that three-fourths of the survey sample in La Paz — 74 percent — disapproved of the Sanchez de Lozada administration, while the rate of disapproval among those surveyed in El Alto climbed to more than four-fifths — 82.9 percent. The poll, moreover, found that in Cochabamba and Santa Cruz, 70 percent and 67 percent of the people, respectively, disapproved of the incumbent administration.

The UCB poll also gauged sympathies with regard to politicians and political parties. It revealed that there is a lack of confidence in political parties and in politicians belonging both to the ruling party and the opposition. Within the ruling coalition, the Nationalist Revolutionary Movement, MNR, is the party mistrusted the most, with an approval rate of 27 percent in La Paz, 17.1 percent in El Alto, 46.3 percent in Cochabamba, and 23.4 percent in Santa Cruz. The opposition parties Nationalist Democratic Action, ADN, and Conscience of the Fatherland, Condepa, mustered up the support of slightly less than 50 percent of those polled. The most popular opposition politician is, according to the survey, Condepa leader Carlos Palenque, who obtained the endorsement of 45.8 percent of the people in El Alto and of 23.4 percent in La Paz. This notwithstanding, his popularity plummeted in Santa Cruz, where only two out of 100 considered him to be the most popular leader.

Concerning the confidence politicians enjoy among the public, the public opinion survey showed that 17 percent of those polled said no politician inspired confidence, whereas 57 percent of those surveyed declined to give an answer.

Bolivia: President's Comments on Capitalization Noted

PY1104165696 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 10 Apr 96

[FBIS Translated Text] Uncontained emotions are not good advisers. Goni [President Gonzalo Sanchez de Lozada's nickname] was carried away by them and promised incredible things when celebrating the 9 April anniversary (of the 1952 revolution). According to the president, Bolivia will be able to win the next Pacific war if he is given a free hand now to hand over the country's strategic companies to foreign companies within the framework of the capitalization system.

This is what the president said about that crazy possibility:

[Begin recording, in progress] ...this is why we are pursuing the capitalization program, this is why we want railroads that work, state of the art telecommunications, electric energy for all rural areas and cities, and an airline that takes our name to other places and establishes new links as a South American transport unit. This is the way to win the next Pacific war and an exit for all Brazilian, Paraguayan, and Argentine products. This is the way to make Bolivia great, a country in [words indistinct] [end recording]

The president made these remarks at rally of a group of MNR [Nationalist Revolutionary Movement] followers. He recalled the times when the MNR was in government. The MNR first assumed power after the 1952

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revolution. During this administration, the MNR implemented a program of mines nationalization and approved the universal vote and, later, the agrarian reform. The president also recalled the MNR administration of 1985, when the government was able to control hyperinflation at a very high social cost. The last MNR period started in August 1993, but during this period, instead of nationalizing productive activities, state policies are oriented to attract foreign investments. President Sanchez committed himself to fulfilling his reforms plan and suggested that he is willing to accept any type of political coalition after 1997.

Bolivia: Demonstrators 'Repressed' by Police; 2 Injured

PY1204023096 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 11 Apr 96

[FBIS Translated Text] Before being arrested, Fredo Nunez, top leader of the Confederation of Bolivian Rural Teachers, confirmed today that at least two people were injured this morning in Munaipata during a police repression. Early in the morning, rural teachers rallied on the outskirts of Munaipata and then marched peacefully through the streets of the town. Nevertheless, the demonstrators were intercepted and repressed by personnel from the police and the Navy's Military Police, who were heavily armed. Trade unionist Fred Nunez reports on the injured:

[Begin recording] We were staging a peaceful demonstration near the intersection of United Nations Street and the highway this morning at 0600. Unfortunately, we were intercepted by personnel from the National Police and the Navy's Military Police, who systematically and savagely repressed the demonstrators. As a consequence, two comrades were injured; one was hit by a rubber bullet and the other was hit with a tear gas grenade on the occipital bone. Both were rushed to the Workers Hospital. We hope they will make a speedy recovery. Still, it is clear that the Sanchez administration is trying to intimidate demonstrators, workers.... [end recording]

The Confederation of Bolivian Rural Teachers could not provide the names of the trade unionists who were injured this morning. This notwithstanding, it was confirmed that civilian agents arrested trade unionists Fred Nunez and Julio Cruz at around 1530.

Bolivia: Minister Rebollo Said To Receive $50,000 Payment

PY1204033996 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 11 Apr 96

[FBIS Translated Excerpt] Capitalization Minister Alfonso Rebollo virtually confirmed today that he received $50,000 for his personal bank account from banker Jorge Cordova — who is currently in custody — in exchange for the Central Bank to authorize the amalgamation of two private banks that were on the brink of bankruptcy in 1993. It was suggested that to salvage these banks — BIG Beni [Industrial and Cattlemen's Bank of Beni Department] and BIPSA [Bolivian Investment Bank, Inc.] — they should be amalgamated to form Sur Bank. The Central Bank rejected this proposal. Still, on 24 November 1993, under the administration of the MNR [Nationalist Revolutionary Movement], Cordova learned about the Central Bank's decision to turn down the amalgamation proposal. At 1730, the banker gave $50,000 to Minister Rebollo. The capitalization minister kept contradicting himself when members of the Constitution Committee of the Chamber of Deputies posed questions to him. [passage omitted]

Rebollo denied he obtained the money from Cordova — who now faces swindle charges — by extortion. Still, he did not deny that a sum of $50,000 was deposited in his personal account with the now failed Bolivian-American International Bank in the Bahamas.

Brazil

Brazil: Trading Firms Sell Chicken to Iran, Russia

PY1104182696 Sao Paulo GAZETA MERCANTIL in Portuguese 10 Apr 96 p B16

[Article by Claudia Facchini De Cesare]

[FBIS Translated Text] Some "trading" [preceding word in English] companies that specialize in marketing and concentrate operations on the grain market have started operating on the Brazilian chicken market, seeking out export opportunities that are missed by the major industrial enterprises of the sector.

The first trading firm to try it out was Cotia Trading, under the direction of Jose Augusto Lima de Sa, Sadia's former international trade director. Ricardo Duca Martins, Frangosul export director for eight years, has also started to operate in this area. Martins formed a partnership with a large Swiss enterprise, whose sales in Europe average more than $400 million which gave him the financial "background" [preceding word in English] for the operation. Martins' enterprise, America Meridional de Comercio Ltda, has just closed two

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unprecedented contracts: First — in partnership with Cotia Trading — with the Iranian Government, and second with a private Russian enterprise.

Unlike Cotia Trading, which developed an export project on the basis of smaller chicken processing units, without a history on the international market, America Meridional contacted big industrial enterprises of the sector, which have already made major shipments. "The difference is that we can more expeditiously find opportunities abroad," Martin said, recalling that chicken processing enterprises do not pay for transportation and financial operations.

The contracts are small, if compared with the usual shipments of the large industrial enterprises. To Russia, America Meridional is sending this month 2,000 metric tons of whole chickens. Frangosul will supply 1,200 metric tons and Perdigao 800 metric tons. Martins did not say exactly how much the contract is worth, but indicated it is over $2 million.

To Iran, Martins closed a 6,000-metric ton deal, also for whole chicken, worth about $8 million, which will be supplied by Sadia and Chapeco, 50 percent each.

Martins said recent changes on the international market have opened new possibilities for Brazil. The GATT accord and the resulting reduction of subsidies on European beef exports have made Iran — which has never bought Brazilian chicken — seek new suppliers.

He added that Russia has private enterprises with credibility in the eyes of financial institutions, in addition to a wealthy class willing to pay more for sophisticated products. "The Russian market is consolidating. There is now a class that buys fur coats and French perfume," Martins added. He said the quality of Brazilian chicken, which is better than that of its competitors, is a key factor for the external market.

Thanks to the financial structure provided by its Swiss partner, America Meridional had no problems in obtaining letters of credit to sell the products to Russia, closing in 48 hours a deal that the Brazilian Association of Chicken Exporters (Abef) has been negotiating for weeks with the Russian state-run company Prodintorg.

Martins is now arranging other deals, among them the sale of Argentine chicken to Europe. He recently visited Buenos Aires in response to an invitation from Argentine producers. He said: "Prices in Argentina are low, and sales might regulate supply."

He said Argentina could sell chicken to Europe, where the price paid by importers are not attractive for the Brazilian industry. He explained: "Prices in Argentina cannot drop any further, while domestic consumption of chicken meat, 23 kg per capita, has also reached its limit."

Brazil: Patent Bill Approval Said 'Well Received'

PY1104150996 Sao Paulo AGENCIA ESTADO in Portuguese 1307 GMT 11 Apr 96

[Report by Milton F. da Rocha Filho]

[FBIS Translated Text] Sao Paulo, 11 Apr (AE) — The approval of the Patent Bill by the Chamber of Deputies on the evening of 10 April has been well received by the U.S. Trade Representative's Office, which is currently headed by Mickey Kantor. The new law seeking to protect industrial property in the country is seen as an important factor to attract to Brazil new investments in the areas of pharmaceutical laboratories and high technology.

In addition, entrepreneurs linked to the Rio de Janeiro-U.S. Chamber of Commerce, which will celebrate its 80th anniversary on 12 April, were also very satisfied with the approval. They pointed out that the Brazilian law is the most modern in Latin America for the defense of intellectual property.

The entrepreneurs added that they hope President Fernando Henrique Cardoso will refer to this approval during the speech he will deliver at the Rio de Janeiro ceremony celebrating the U.S. Chamber of Commerce's anniversary, and report when he will approve the new law.

International laboratories already installed in Brazil, which are linked to the Interfarma organization, have also contacted their headquarters in Europe and reported that the mother companies are happy about the Brazilian decision. In Japan, Osamu Kido — president of the Japan Pharmaceutical Manufacturers Association — has reported that the organization considers the approval of the new Brazilian law very important.

Brazil: Deputy Analyzes Congressional Crisis

PY1104190596 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Apr 96 p A2

[Commentary: "Congress at the Bottom of the Well" by Federal Deputy Jose Genoino, Workers Party-Sao Paulo]

[FBIS Translated Text] The crisis in Congress has been noticeable for some time. Its loss of ability to take initiatives, its submission to Planalto Palace decisions, the criticism it receives — even from the president of the Republic — its subservience in dealing with the constitutional reform and the financial system

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crisis, its incapacity to find alternative solutions to the social security reform impasses, and the accusations of political opportunism filed against congressmen have caused — in the eyes of the people — a profound erosion on the legislative branch's image. As if all that were not enough, national newscasts have been flooded over the past few days with charges of privileges, particularly, in the Senate.

Another symptom of the serious crisis affecting Congress refers to relations between the opposition and the ruling parties. Never in the last few years have relations been as bad as now. These relations are marked on one side by shrewdness and the effects of the administration bulldozer, while sectarianism can be seen on the other side. Party leaders do not understand, or want to understand, the daily procedures of the legislative branch. As a result, the democratic and civilized dispute that should characterize congressional activities degenerate in a stagnant opposition — in blocks — which erodes the image of Congress instead of producing political alternatives for society. This is so true that, for the time being, the government-supporting parties have preferred to resort to the administration's bulldozer policy and to act with submission toward the executive branch's designs, while we — members of the opposition — have been unable to make clear our objectives as representatives of the opposition. Our public image is thus more linked to obstructionism. In such an atmosphere, it is impossible to see Congress produce any political prospect — be it as a result of the efforts of government-supporting parties or opposition parties. No Congress can function without a minimum degree of understanding between its members. Congressional rules are different from those normally found on the battlefield: In war, one seeks to destroy the enemy. In Congress, the democratic dispute not only seeks to establish differences and channel disagreements, but also to produce consensus. In Congress, enemies cannot destroy one another. This is why the rules must be different, civilized pacts must be operational, and rational dispute that end up as results must go beyond mere plans of ensuring victories for some and defeats for others. In fact, the warlike climate that has reigned in Congress has been opening more and more space for further interference by the executive branch, even if to do that one must resort to political opportunism.

The crisis unleashed over the common congressional procedure of voting on specific features of a text separately (DVS) — which the Chamber of Deputies uses as a way to force congressmen to make new decisions on certain features of an amendment or bill that has already been approved — is a consequence of the more generalized crisis reigning in Congress. The DVS was created to serve as a democratic toll of the minority and as an effort to make decision-making processes more transparent. During the Constitutional Assembly this tool was frequently and judiciously used and there were no doubts about its adequacy or any effort to suppress it. It is now being badly employed and, as a result, it has given the majority blocks the chance to suppress or to stifle its characteristics. To allow the DVS to remain relevant as a democratic tool of the minorities, we cannot allow it to become banal or to be transformed into a tool that may obstruct or paralyze congressional activities. To avoid its bad use or suppression, the DVS must be better regulated. Norms for congressional disputes must follow the principle that the majority cannot prevent the minority from democratically expressing itself, and equally the minority cannot prevent the majority from making decisions. Reasonable rules for coexistence among opposing parties — this is what Congress is for — must be combined with large doses of common sense.

First, I have two proposals for the regulation of the DVS: This tool should only be used in the case of paragraphs of more general characteristics and not in the case of isolated sentences or words. The number of signatures required for the presentation of a DVS must also be increased, thus making the request more representative. A DVS can currently be presented with the signatures of only 10 percent of all congressmen. To change the DVS rules for voting on the social security reform, however, would be an unacceptable way to encourage vested interests because the voting process is already underway. We must seek a negotiated solution to make the conclusion of the voting process feasible.

The congressional crisis will not be resolved merely by regulating the DVS. We have been proposing for some time now a platform of reforms that may transform Congress into a more transparent and effective institution. Some political leaders have made the serious mistake of seeing in criticism against Congress an orchestrated plan to close it. Most of the criticism is justified and is based on congressional inoperativeness, on its subservience to the executive branch, and on its privileges. Unfortunately, the legitimacy crisis grants some people the opportunity to express hostile and antidemocratic positions, thus giving place to requests for its closure. The solution, however, is not to defend an anachronistic status quo. Congress must also accompany the changes that have occurred in most human activities, and call for a revision of old habits and procedures.

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Brazil: Portugal on Importance of Relations With Brazil

PY1104211896 Sao Paulo FOLHA DE SAO PAULO in Portuguese 7 Apr 96 Section 1 p 3

[Commentary: "Crossing the Ocean" by Portuguese Prime Minister Antonio Guterres, from the "Trends and Debates" page]

[FBIS Translated Text] Whenever I take part in an international economic forum, someone always asks me, with genuine curiosity, why Portugal and Brazil do not take economic advantage of a common cultural heritage and an enviable geo-strategic complementation.

For the observer, the reasoning is linear: Brazil is a great Latin American economic power. Portugal, beside being the entrance gate to Europe, has a privileged position in its relations with the African Continent and the East, where Macau already plays an important role as a business platform with the PRC.

What is required to enable the two countries to use, to mutual benefit, potential business opportunities that are being offered to their entrepreneurs?

The Atlantic Ocean, which has linked us in the past, can no longer constitute an inhibition on relations between entrepreneurs on either side.

Trade between the two countries has been limited, on the Brazilian side, to exporting of agricultural raw materials and, on the Portuguese side, to food products especially labeled for the "nostalgia market." Considering the EU is Brazil's main trade partner, one cannot understand why the easiest and most direct path between the two partners — via Portugal — is still unexploited. There are, nevertheless, clear signs that things are to change.

This is the moment to face, directly, the globalization challenge in a Lusophonic, daring, and aggressive manner.

The new framework-agreement for commercial and economic cooperation, which has been signed between the EU and the Common Market of the South [Mercosur], contemplates — in the chapter on industrial cooperation — a set of measures to stimulate intra-block entrepreneurial relations. These measures seek to achieve this goal by encouraging cooperation among small and medium enterprises.

Decisive topics for this new phase include: Forming joint ventures, the use of information networks, the transfer of know-how and technology, subleasing of services, applied investigations, "franchising," and strategic agreements. We must be daring.

I consider, therefore, it extremely important to now find a new point of equilibrium between European integration and Portugal's universalistic and oceanic vocation.

We must find a point of equilibrium to specifically benefit all Brazil and Portuguese-speaking African countries. This should not be just a community of states, but also a space for dynamic economic cooperation and intense cultural exchange.

One of Portugal's great objectives is to use the defense of the Portuguese language worldwide as a central matter of identity; to grant strategic consistency to the cooperation policy in Africa; to grant Portugal's relations with Brazil a practical content in the fields of economy, science, and culture.

I insist that Portugal, as a member of the EU; and Brazil as a member of the Mercosur, are two economic spaces that are undoubtedly designed to understand each other.

It is well understood here that Portuguese-Brazilian relations are one of my administration's priorities. This is why we have plans to develop these relations, in terms that are practical and suitable for the current reality.

It is now time to move from words to acts; to establish lively and active links between the two countries; to promote economic relations and make them more expressive; to stimulate cultural initiatives and make them powerful; to rediscover individual identities, and to build permanently active bridges of dialogue and coexistence.

This is possible through the will of two countries and two brotherly peoples, united by the determining factor of sharing the Portuguese language. This is why I reassert that the defense of the Portuguese language constitutes the master key to a door that we want to keep permanently open and which links Portugal and Brazil, and will continue to do so throughout time.

The Portuguese language, of which the Portuguese who created it feel so proud, does not belong exclusively to Portuguese people. It can and should be enriched by all peoples and countries that use it as an official language. This is the case of the African countries that officially speak Portuguese and it is the case of Brazil, a sisterly nation to which we are bound by ties that cannot be broken.

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Brazil: Brazilian, Argentine Business Prioritizes Mercosur

PY1104205696 Sao Paulo GAZETA MERCANTIL in Portuguese 10 Apr 96 pp A1, A8

[Article by Cristina Aby-Azar from Buenos Aires]

[FBIS Translated Excerpt] Good sense has prevailed over the allure of the market potential of the United States — the dream- partner of all developing countries. On 9 April, a group of 70 Brazilian businessmen in Buenos Aires managed to secure the support of Argentine private companies in an attempt to resist U.S. Government pressure to expedite the timetable for integrating the countries of the Americas into a single economic bloc.

Original projections foresaw the establishment of a Free Trade Area across the entire hemisphere by the year 2005. Furthermore, the United States has recently been entertaining the possibility of brining that date forward. This idea was rejected by Brazilian businessmen. Marcus Vinicius Pratini de Moraes, Brazilian Foreign Trade Association chairman, has said: "First, we must consolidate Mercosur [Southern Cone Common Market]. There is generalized concern in Brazil about the possibility of expediting the Americas' integration process."

During a meeting of the Mercosur Foreign Trade Council, Mercoex, it was agreed that the current priorities of Mercosur are the incorporation of Chile, Bolivia, and Peru into this common market, and the consolidation of closer ties with the EU through bilateral agreements. There was broad consensus between participants in the meeting that discussing the Free Trade Area of the Americas before meeting those objectives is out of the question. [passage omitted]

Brazil: PMDB Invites Itamar Franco To Rejoin Party

PY1104200196 Sao Paulo AGENCIA ESTADO in Portuguese 2334 GMT 10 Apr 96

[FBIS Translated Text] Juiz de Fora, 10 Apr (AE) — Here is the full text of a communique released today by former President Itamar Franco and PMDB [Brazilian Democratic Movement Party] Paes de Andrade:

"At the initiative of some mutual friends, Itamar Franco — former Brazilian president and current ambassador to Portugal — and Deputy Paes de Andrade met in Juiz de Fora. These two public men, personal friends and party colleagues for many years, examined the current problems of national politics and their outlook.

"They expressed concern over the economic situation, especially the serious problem of unemployment and the closing down of small and medium-sized companies, and expressed hope that the government will quickly adopt measures to revert the trend of recession.

"In keeping with the belief that constitutional reforms are necessary, and in order to help the government to become more agile and streamline the public accounts, Franco and Paes de Andrade stressed the responsibility that Congress may carefully examine the mentioned subjects with the purpose to prevent that hasty decisions should place that risk the stability and tranquillity of the country.

"The two public men agree that the constitutional reforms should not violate the basic principle of the republican and federative state, of mandates previously defined by the Constitution, or of the alternation of men and parties in the executive branch.

"Franco and Paes de Andrade agree that Brazilian society, as represented by Congress, has the right to know the reason for the crisis of the financial system, and the reason that led the government to intervene by issuing urgent provisional measures.

"They also expressed the opinion that institutions of proven historical importance for national development like the Bank of Brazil and the Vale do Rio Doce company should continue under the sovereign control of the Brazilian people through the state.

"Deputy Paes de Andrade told Itamar Franco that the PMDB has its government platform and that it will discuss it with Brazilian society. With this government platform, which basically defends national sovereignty and economic development with social justice, the PMDB will run its own candidate in the 1998 elections.

"Deputy Paes de Andrade also informed the former president of the desire of the PMDB, its national executive board and grassroots, that he return to the party for which he was elected and reelected for the State of Minas Gerais in 1974 and 1982. Paes de Andrade even said the PMDB wants Itamar Franco to chose the best moment to return to the party.

"Itamar Franco considers the current circumstances do not allow him to engage in political activities since he carrying out diplomatic duties as Brazilian representative abroad. Franco nonetheless said that as a Brazilian citizen and elector, he will assume his political responsibility when the time is right, and that he will then make that decision according to his conscience as a democrat and nationalist as well as a public figure.

Juiz de Fora, 10 April 1996."

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Brazil: France Telecom 'Interested' in Southern Phone Firm

PY1104221696 Sao Paulo AGENCIA ESTADO in Portuguese 1815 GMT 11 Apr 96

[Report by Vladimir Goitia]

[FBIS Translated Text] Sao Paulo 11 Apr (AE) — France Telecom wants to repeat in Rio Grande do Sul the same success it had in Argentina over the past five years, when it doubled the amount of installed telephone lines per 100 inhabitants. France Telecom is one the main companies interested in purchasing the 34 percent lot of shares which the Rio Grandense Telecommunications Company (CRT) will sell this year.

Alain Riviere, new director of France Telecom in Brazil, said the structure of the Rio Grande do Sul telephone system is similar to the Argentine one before it was privatized. France Telecom has been operating in Argentina since November 1990. Riviere said the main objective of the CRT is to increase from the current eight lines per 100 inhabitants to 17 lines. He said the evolution of the number of telephone lines in Rio Grande do Sul will be similar to that which took place in Argentina over the past five years.

Since the Argentine telephone system was privatized in November 1990, France Telecom increased the number telephone lines from 1.56 million to 2.92 million by August 1995. During that period, the French company, together with the Italian company Stet and other Argentine partners, invested $3.5 billion. The price of the residential telephone lines in Argentina dropped from $1,250 to $250 and of commercial telephone lines from $2,500 to $500. This year, prices will be standardized around $250. The company also considerably reduced the period of time for installing a telephone in Argentina. Before privatization, the waiting period for a telephone was between 5 and 10 years. Now it has dropped to 30 days, and in Buenos Aires to only 5 days.

Riviere said the priority of France Telecom in Brazil is the CRT because of its geographical location. In the middle term, he says, the CRT can be integrated to the Argentine telephone system, where France Telecom controls northern Argentina. Riviere said: "Within a few years we will have both regional and international coverage."

France Telecom, which at the beginning of this year consolidated a joint venture with Deutche Telekom and with Sprint to create Global One, is talking with Brazilian companies to form a consortium. He said: "We want a partner with great coordinating power in Rio Grande do Sul." Riviere added that some pension funds are interested in joining the consortium. He said the investment volume to purchase the CRT shares will depend on the formation of a joint venture in Brazil.

He said: "We want to control the consortium so as to define the operational and investment strategy," adding that France Telecom wants to be the second largest shareholder of CRT after the Rio Grande do Sul State administration which will continue to control the CRT. He said: "We will be a strategic partner of the state administration." The assets of the CRT, which currently operates 750,000 lines, 85,000 of which are for cellular telephones, are estimated at $2 billion.

The name of the consortium to handle the sale model and price of part of the CRT will be known by 25 April. Riviere said: "We believe the conditions for the bid call will be defined by August." He added that if the timetable to sell the CRT shares is maintained, the bid will take place before November this year. He believes the state administration will privatize CRT, saying: "That will be interesting because the value of the CRT shares will increase."

Brazil: Drug Accord With Russia Goes Into Effect

PY1204011696 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 11 Apr 96

[FBIS Translated Text] A Brazilian-Russian cooperation agreement to fight narcotics and dangerous drug trafficking goes into effect today. Brazil and Russia will implement coordinated programs to prevent drug abuse, rehabilitate addicts, and fight the production of narcotics.

Brazil and Russia will exchange experts in the area of cooperation.

Chile

Chile: 'Zero Tariff' To Benefit Exports to Mercosur

PY1104165596 Santiago EL MERCURIO in Spanish 6 Apr 96 pp A1, A24

[FBIS Translated Excerpt] Approximately 20 percent of Chilean exports to the Common Market of the South (Mercosur) will be favored by the zero tariff that will be in effect as of 1 July 1996. This will help our country to join that group with a better footing.

In the case of sales to Argentina, they will have an additional support because, effective the same date, the Argentine Government will not impose the so-called statistical rate, a 3 percent tariff surcharge above the Mercosur's Common External Tariff (CET), on Chilean products.

Nevertheless, approximately 7 percent of imports orginating in one of the four countries of Mercosur

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(Argentina, Brazil, Paraguay, and Uruguay) will enter the national market with zero tariff.

These will be some of the immediate benefits of the economic supplementary agreement Chile will sign with Mercosur members on 25 June 1996 in Buenos Aires.

Concerning the price bands Chile implements to safeguard some agricultural products, the agreement with Mercosur will accept the implementation of these measures for indefinite protection.

Regarding the controversy that has emerged about granting quotas to Mercosur for certain products that have been considered in the list of exceptions, it was explained that their effect will not be significant and that, according to some calculations, the percentage drop in tariffs granted to those products will not affect current prices by more than 1 percent.

In talks with EL MERCURIO, both Foreign Minister Jose Miguel Insulza and International Economic Relations Director General Carlos Mladinic, head of the negotiating team involved in this commercial pact, yesterday stressed the good disposition observed in all national productive sectors, including agriculture, to cooperate with the government in concluding the trade agreement and to respond to the agricultural area's concern that Chilean association with Mercosur would imply a serious loss for this sector.

This idea was confirmed yesterday during a meeting of the Public and Private Committee — part of the Productive Development Forum — during which the Mercosur issue was discussed.

The position of the National Agricultural Association (SNA) was expostulated at the meeting by SNA Vice President Patricio Crespo, who praised the position of the government and of the productive sectors in dealing with the concerns of the agricultural sector. [passage omitted]

Colombia

Colombia: Army Views Report on Alleged U.S. Samper Plot

PA1204020496 Mexico City NOTIMEX in Spanish 2338 GMT 11 Apr 96

[FBIS Translated Text] Santa Fe de Bogota, 11 Apr (NOTIMEX) — Colombian Army Commander General Harold Bedoya said today his institution does not know about an alleged plot by U.S. intelligence organizations to overthrow President Ernesto Samper.

Bedoya told Radio Cadena Nacional: "Not at all. The Army knows nothing about this matter and cannot state an opinion on the veracity of the article." The radio station claims it has a copy of a report published in Madrid by the magazine CAMBIO 16.

According to the magazine, which cited a DEA source, U.S. intelligence and security organizations want to bring about Samper's departure through attacks, blackmail, and prison breakouts.

The magazine gave as an example the escape of Cali cartel boss Jose Santacruz Londono from a local prison. Santacruz Londono was shot to death afterward near Medellin.

The Colombian officer said he does not know whether the U.S. CIA helped Santacruz escape as part of a plan to discredit the Samper Government as the DEA informer has told the Spanish magazine.

The third highest-ranking man in the Cali cartel hierarchy fled from a Santa Fe de Bogota prison on 11 January and was killed in a confrontation with the police near the northwestern city of Medellin a few weeks later.

According to the local media, the escape was a determining factor in Washington's decision to decertify Colombia because of scant results in the struggle against the drug cartels.

Bedoya said that the Army does not receive assistance from the CIA and that he has no information about the alleged organizing of CIA attacks in Colombia.

The drug trafficker's escape was organized by secret U.S. organizations, and its purpose was to discredit the struggle the Colombian Government is waging just as it is going through a political crisis as a result of the so-called "narco-scandal."

Samper has been denounced before the parliament by Colombian Prosecutor General Alfonso Valdivieso who has presented evidence that could link him to an alleged leak of Cali cartel money into the past electoral campaign that took Samper to power in August 1994.

The chief of state has denied the charges filed by two former allies, Fernando Botero and Santiago Medina, and has cautioned about an ongoing conspiracy against his government fostered by local and foreign interests.

Colombia: Case Against President To Continue

PA1204042296 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1700 GMT 11 Apr 96

[Report by Felipe Gomez; from "The Midday Newscast"]

[FBIS Translated Text] Even though the request to disqualify 12 of the 15 members of the Accusations Committee of the Chamber of Representatives is still

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pending a decision by the State Council, the case against President Ernesto Samper will continue, as Committee President Heyne Mogollon has explained:

[Begin Mogollon recording] I received an official note early this morning signed by the interior minister and copies of the ruling by the honorable State Council stating that the Ethics Committee will decide on the disqualification of the Accusations Committee members. We must note, however, that the same ruling has stated that the investigations will continue based on Article 112 of the Penal Code Proceedings. [end recording]

Heyne Mogollon explained the situation that erupted in Congress today. Meanwhile, the respective files on the case have been sent to the Ethics Committee. Alegria Fonseca heads the Ethics Committee.

Colombia: Plenum Asked To Drop Case Against Members

PA1104183296 Santa Fe de Bogota Radio Cadena Nacional in Spanish 1700 GMT 10 Apr 96

[From the "RCN Radio Events" newscast]

[FBIS Translated Text] Today, the Accusations Committee asked the plenary session of the Chamber of Representatives to refrain from processing the request for disqualification against 12 of its 15 members, as it deems this action illegal and groundless.

Congressman Jorge Eliecer Meneses pointed out that the request for disqualification is groundless, because the Code of Criminal Procedures establishes that this recourse can only be used by certain institutions or persons with procedural power, namely, the Prosecutor General's Office, the Attorney General's Office, President Samper, or his lawyer Luis Guillermo Nieto Roa. The procedure used to file the request for disqualification has been obviously violated. Therefore, Meneses stressed, the plenum of the Chamber of Representatives should refrain from processing this request for disqualification so as not to set a precedent, and to prevent any citizen from resorting to this recourse to halt the current action against President Samper.

The parliamentarian indicated that, as a result, the formal investigation against President Samper should be reopened and [words indistinct] to the persons linked to [words indistinct] or linked to the crimes that might have been committed by President Samper, and which were denounced by the Prosecutor General's Office to the Accusations Committee.

Colombia: Samper Asks Supporter of VP To Resign

PA1104034596 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 10 Apr 96

[Report by Alberto Medina Lopez from the "National Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmision Television at 0400 GMT 10 April]

[FBIS Translated Text] The last supporter of the movement led by Humberto de la Calle who has remained in the government has left at the president's request.

[Medina Lopez] The followers of Vice President Humberto de la Calle were progressively removed from the government. Luis Hernando Paez, director of the AESAP [School of Higher Public Administration] up to today, was not surprised when he was asked to resign:

[Begin Paez recording] The president in recent days was publicly asking you, the reporters, to refrain from stirring up skirmishes between him and the vice president, because their relations were good. Ten minutes later, on the other telephone, the person designated by the president to ask for my resignation was calling me. It had already become obvious to me that the supporters of De la Calle's ideas and movement were being removed from the government, something which does not surprise me at this moment. [end recording]

[Medina Lopez] Education Minister Arturo Saravia has left and so has Jorge Mario Eastman, state modernization adviser, Edgar Gonzalez, of the Public Administration Department, Jaime Ramos, of Ferrovias [Colombian Railways], and the last of de la Calle's supporters has also left now. Why?

[Begin recording] [Paez] My removal in itself is not a career problem, but I would be concerned if it were true that these methods are being used in other state posts to pay favors and influence interests and positions; this situation would be a very serious one, because the country is in no shape for games of this sort.

[Edgar Gonzalez Salas, former Administrative Department official] The truth is that this specific matter concerns the president, but there basically has been a reorganization in the specific case of this sector. [end recording]

[Medina Lopez] Whatever the case might be, President Samper kept de la Calle but got rid of his supporters.

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Colombia: DLN Chief Issues Remarks on Campaign Funds

96P20388A Santa Fe de Bogota EL TIEMPO in Spanish 10 Apr 96

[Received via Internet]

[FBIS Translated Text] The president of the Liberal Party National Directorate, Luis Fernando Jaramillo, yesterday sent a message to the press in which he rejected statements by President Samper's lawyer, Luis Guillermo Nieto Roa, who last week said that the party as a whole, not the president, is responsible for the alleged violation of spending limits during the last elections.

Jaramillo emphasized that the errors and mistakes by that party's members cannot detract from the "achievements of the last century and harm the pride or the honor of the most traditional and historic political body in Colombia."

The following is the text of the message:

The president of the Liberal Party National Directorate, with regard to the lastest developments in the current political crisis and the statements of Dr. Luis Guillermo Nieto Roa, expresses the following:

1. Since its founding in the middle of the last century, the Liberal Party of Colombia has, from time to time, gone through various crises and has always been able to overcome them with a view toward the country's best interests and the Colombian people's desire for justice.

2. The Liberal Party has contributed, and will continue to contribute, toward making the greatest social achievements a reality the defending our most precious civil guarantees, giving special protection to the least favored sectors of our society.

3. The errors and mistakes of the members of our party cannot detract from the achievements of the last century and harm the pride or honor of the most traditional and historic political party of Colombia, which will continue to be a political alternative on the national scene. And I have no doubt that in the next elections it will find popular support for its programs, views, and candidates.

4. Many of the most illustrious and outstanding figures of our public life belonged, or belong to, this party, and the people, who have always supported us and have entrusted to us the governance of the country on many occasions, know that on this occasion, as in the past, the party will find the best solution for the country.

5. I categorically reject the statements of lawyer Nieto Roa, a contentious member of the Conservative Party, through its National Salvation Movement, who has attempted to link liberalism with the alleged violation of spending limits in the last presidential campaign.

In this regard, I would like to say that the funds of the presidential campaign were managed autonomously and independently of the Treasury of the Colombian Liberal Party.

The greatness of the party has always been above that of its leaders.

Colombia: Movement To Campaign To Legalize Narcotics

PA1104164696 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 8 Apr 96

[From "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] Members of a movement to legalize drugs in Colombia will embark on a campaign this week to collect 1 million signatures in support of a referendum on legalizing the production, distribution, and consumption of narcotics. Signatures will be collected in 150 of Colombia's largest municipalities. A publicity campaign will also try to convince citizens that legalizing drugs is the best solution to the drug trafficking problem.

Colombia: Guerrillas Condemn Trafficking, Criticize U.S.

PA1104174796 Santa Fe de Bogota EL TIEMPO in Spanish 11 Apr 96

[Received via Internet]

[FBIS Translated Text] The Army of National Liberation issued a communique on 10 April condemning drug trafficking, adding that the subversive group has never been involved in drug trafficking activities. "Our organization has never claimed that collecting money for the revolutionary struggle through drug trafficking is a revolutionary method." The document states that drug trafficking has spread to many activities: "It has reached the heart of government leadership." The document accuses several ministers, former ministers, congressmen, and political leaders of being involved in drug trafficking.

Furthermore, the document refers to "the stateless attitude of the government, the state, and Colombian oligarchy" toward the so-called U.S. decertification, "which is illegal, interferes in Colombia's internal affairs with regard to the political crisis, and violates the principle of equality before the law among nations and all norms of international law."

"What right or moral authority do the gringos have? They are major consumers of the drug, yet believe that

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they have the authority to certify the rest of the world?" the document asks.

Colombia: New Inspector Links Guerrillas, Drug Money

PA1104183096 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1700 GMT 9 Apr 96

[Report by Carlos Gomez Herrera; from "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] Drug traffickers are paying guerrillas, who have been acting as roving ambassadors trying to discredit the military forces and the government on the international scene by saying that authorities here — particularly the military forces — are violating human rights, General Manuel Jose Bonnet Locarno told Emisoras Caracol Network on his first day as armed forces inspector general:

[Begin Bonnet recording] The guerrillas can afford to send delegations to luxury hotels abroad with the great deal of money they get from the drug traffickers. I saw them in Spain and Italy and told them at a House of America [Casa de America] meeting that they were discrediting Colombia's military forces and government with drug trafficking money. No one who uses drug trafficking money has the moral authority to accuse the Colombian Government and its military forces. [end recording]

Bonnet said that his door remains open to anyone who wants to bring charges against the military forces, to report their lack of discipline, or to file any other accusation that could lead to an investigation because, above all, the country needs our honesty and integrity and for members of the public force to serve the country.

Colombia: Government, Committees Agree on Reform Bills

PA1104225996 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1700 GMT 11 Apr 96

[Report by Gilbert Vega; from "The Midday Newscast"]

[FBIS Translated Text] The Colombian Government and the first committees of Congress today agreed on ways to expedite the discussion of political reform bills pertaining to the democratization of political parties, the standards for opposition activities, and the financing of political campaigns.

Senator Jose Renan Trujillo Garcia commented on the conclusions of the agreement President Ernesto Samper reached this morning with congressmen from the constitutional committees and electoral authorities:

[Begin Trujillo recording] We will hold the first round of discussions before this session ends on 16 June. The second round of discussions will be held during the second constitutional period from 20 July to 20 December. The [words indistinct] committees of the Senate and the Chamber of Representatives have expressed their full disposition. [end recording]

Despite this disposition, some congressmen, such as Senator Hector Heli Rojas, insist the country's crisis should be overcome first before proposing any political reform:

[Begin Rojas recording] We have expressed our concern to a group of congressmen and the president, because we believe it would be very difficult to achieve any political reform unless we first resolve the institutional crisis that has caused this serious, institutional dispute. [end recording]

Although Congress has divided opinions in this regard, the Colombian Government argues that it is necessary to debate political reforms with the participation of all the nation's active sectors to overcome the national situation.

Colombia: Antikidnapping Czar Views Court Ruling

PA1004192696 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 10 Apr 96

[Telephone interview with "Antikidnapping Czar" Alberto Villamizar Cardenas by newscast director Dario Arizmendi in Santa Fe de Bogota; from "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] We greet Antikidnapping Czar Alberto Villamizar. Dr. Villamizar, good morning.

[Villamizar] Good morning, Dario, how are you?

[Arizmendi] Fine sir. What does the Constitutional Court ruling, which knocked down, for a more vivid description, many of the norms that had been passed to fight this scourge, mean for the anti-kidnapping fight waged by the Ernesto Samper Pizano administration?

[Villamizar] It undoubtedly represents a problem, which I hope will not be prolonged very long because the measures that were declared invalid by the Constitutional Court last night are all part of a bill that was submitted to Congress, and that had a priority label on it. At the conclusion of the previous legislative period in December, we were able to get the bill to be accepted by the commissions of the Senate and the Chamber of Representatives. So as not to paralyze the work we had

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been doing, the government issued an internal disturbance decree, which allowed us to work on the problem while the bill was being approved. I hope the Congress will conclude the discussion of this bill so that we can have important instruments such as the ones the court declared unconstitutional last night. [end recording]

Ecuador

Ecuador: Leoro Says Peru's Purchase of MiG's 'Threat'

PY1204030996 Quito Voz de Los Andes in Spanish 2300 GMT 11 Apr 96

[FBIS Translated Text] Ecuadoran Foreign Minister Galo Leoro Franco has conveyed Ecuador's position on the announced purchase of weapons by Peru. The foreign minister has said that Peru's purchase of 32 [as heard] Russian MiG planes represents a serious threat to the region and a contradiction to the Itamaraty [Brazil Foreign Ministry headquarters] Peace Agreement. Ecuador has thus declared its position on the Peruvian weapons purchase.

Foreign Minister Leoro Franco said that the Ecuadoran Government has already submitted a detailed report to the guarantors of the Rio de Janeiro Protocol expressing Ecuador's deep concern over the Peruvian stance, and trust that the position of the southern neighbor will be rectified.

[Begin Franco recording] Obviously, this will take place at any moment, and this of course prompts our obvious concern. Imagine the difference. If Peru worries because three or four people have infiltrated — as it has been said — the demilitarized zone, how great will our concern be when 44 aircraft are purchased? This not only completely upsets the already unbalanced position between Ecuador and Peru; it also unbalances the regional situation.

This is very serious because it could represent the beginning of a disastrous arms race, which we do not want. We are looking for the means to promote our countries' economic and social development, and this would simply represent a position contrary to those objectives. We have therefore submitted this report to the guarantor countries expressing Ecuador's tremendous concern, should this report be confirmed. We trust that this purchase will not involve the announced number of planes, as these actions would conspire against the development of nations. They also represent a threat and a contradiction to the Itamaraty Peace Agreement. [end recording]

General Paco Moncayo [Ecuadoran Army Chief] has also said that the announced purchase by Peru is worrisome. He said that this purchase is exaggerated, using a military term. Moreover, analysts have stated that the only certain thing is that the purchase of 44 MiG supersonic fighter planes — with the most sophisticated means of death and destruction — under the current circumstances does not contribute to peace between Peru and Ecuador nor throughout the continent.

Gen. Paco Moncayo said that the announced purchase of the Russian planes is out of proportion not only to the Ecuadoran Air Force but to other forces as well.

Ecuador: Life Pension Granted To Ex-Vice President Dahik

PY1104194296 Quito Voz de Los Andes in Spanish 1700 GMT 11 Apr 96

[FBIS Translated Excerpt] The government decision to grant a life pension to ex-Vice President Alberto Dahik, who is a fugitive from justice and in exile in Costa Rica, has created indignation among Ecuadoran dailies.

The Ecuadoran dailies are speculating on how much the pension will be. EL COMERCIO says it will be either 17 million or 90 million sucres, $5,600 or $30,000. [passage omitted]

The life pension for ex-presidents and vice presidents was approved legally in Ecuador in March 1980, when Jaime Roldos was president. [passage omitted]

Ecuador: Minister Notes Measures To Cut Fiscal Deficit

PY1104193696 Quito Voz de Los Andes in Spanish 1700 GMT 11 Apr 96

[FBIS Translated Text] There is concern about the fiscal deficit announced by the government a few days ago, and concern that the deficit will be inherited by the next administration to be elected on 19 May and installed on 10 August.

In this regard, Finance Minister Ivan Andrade announced three measures to cut the fiscal deficit:

[Begin Andrade recording, in progress] ...concrete measures taken to cut the fiscal deficit. A second element is income, and the measure is aimed at obtaining greater tax collection and reducing tax evasion. In this regard, important results have already been obtained, but this is not enough. Therefore, as a third element, we will submit to Congress the complementary reforms, which were already submitted one year ago, for exerting pressure to collect taxes and to punish tax evaders. Even though we submitted this bill to Congress last year, Congress unfortunately did not approve it. And this is why we will submit it again next week. These are the three actions for finding a solution to the fiscal deficit.

[Unidentified reporter] [question indistinct]

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[Andrade] If nothing additional is made to what we are already doing [words indistinct] but I am sure actions will continue to be taken to [words indistinct]

[Reporter] Why don't you do it?

[Andrade] There are issues related to tax collection, and as you know, we believe the VAT [value-added tax] should be increased in the medium term. This is a consideration that should be taken into account. There are other sources of income that can be collected after a thorough reorganization of the state is carried out. [end recording]

Paraguay

Paraguay: Argentine Minister on Alleged Muslim Terrorists

PY1104140496 Asuncion NOTICIAS in Spanish 11 Apr 96 p 24

[FBIS Translated Excerpt] Argentine Interior Minister Carlos Corach visited our country yesterday to raise with Paraguayan authorities the issue involving the situation of Muslim terrorists who, in his opinion, are traveling with Paraguayan passports, especially in the "tri-border" zone [involving Paraguay, Argentina, and Brazil].

Corach noted that he has documents on this issue and that he would place these documents at the disposal of the Paraguayan security agencies for them to take measures designed to prevent the terrorists from going into action, taking advantage of the protection granted by the passports that they are using. Corach and Paraguayan [Interior] Minister Diogenes Martinez signed a declaration on cooperation in the struggle against terrorism, illegal international drug trafficking, money laundering, arms contraband, and international crime. [passage omitted]

Paraguay: Wasmosy, Argentina's Corach on Bilateral Accords

PY1104142096 Buenos Aires TELAM in Spanish 1037 GMT 11 Apr 96

[FBIS Translated Text] Asuncion, 11 Apr (TELAM) — Interior Minister Carlos Corach and Paraguayan President Juan Carlos Wasmosy have reviewed the possibility of signing new bilateral accords on security, terrorism, and drug trafficking.

The minister reported that, during a meeting at Government House in Asuncion yesterday, they discussed future implementation "of the accords on security, migration, and the struggle against terrorism and drug trafficking."

Corach announced that "Wasmosy told me that the accords issue represents a top priority for Paraguay," given the complexity of the tri-border area [involving Argentina, Paraguay, and Brazil].

The interior minister traveled to Paraguay to sign bilateral cooperation accords on regional security and improved migration controls with his Paraguayan counterpart, Diogenes Martinez.

During a news conference at the Yacht Club of Asuncion, the ministers emphasized that they had agreed on the signing of a letter of intent between Argentina and Paraguay to struggle against terrorism, a letter that would be signed in less than 30 days.

Peru

Peru: Ministry Denies 'Rumors' on Hindering Peace Talks

PY1204031896 Lima America Television Network in Spanish 0100 GMT 12 Apr 96

[FBIS Translated Text] The Peruvian Foreign Ministry tonight released an official communique describing as false the rumors circulating in Ecuadoran Government circles that Peru is reportedly trying to hinder the process of bilateral negotiations with Ecuador.

The communique says a response is expected from Ecuador so that the foreign ministers can continue to talk in Buenos Aires on procedures to implement point 6 of the Itamaraty [Brazilian Foreign Ministry headquarters] Peace Declaration.

The document adds that it is absolutely false that Peru has threatened to shoot down helicopters from the MOMEP [Ecuador-Peru Military Observers Mission], as reported by Ecuadoran press sources.

The final paragraph of the communique states that the Foreign Ministry urges Ecuador to cooperate with the constant efforts that are being made, with the valuable cooperation of the guarantor countries, to solve the subsistent impasses in an atmosphere of seriousness, truthfulness, and respect for international law.

Peru: Ecuadoran Ambassador Grants Interview in Lima

PY1104220896 Lima EL COMERCIO in Spanish 10 Apr 96 p A5

[Interview with Ambassador to Peru Gustavo Ruales by Gladys Bernal Barzola "after meeting with Foreign

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Minister Francisco Tudela" at the Peruvian Foreign Ministry in Lima]

[FBIS Translated Text] [Bernal] Ambassador, what was the reason for meeting with Foreign Minister Francisco Tudela?

[Ruales] There is a Peruvian proposal for a new meeting between the foreign ministers of Peru and Ecuador. This proposal has been sent to the Ecuadoran Foreign Ministry and the answer will be released through diplomatic channels. As soon as I receive the letter of response I will have the great pleasure in conveying it to the foreign minister.

[Bernal] Where would this third meeting be held? In Quito, Lima, or perhaps in another country?

[Ruales] In Buenos Aires. That is the Peruvian proposal, to proceed with meetings between the foreign ministers and keep talking on the procedural matter (that is, procedures to hold talks on the main issue, on the impasses that prevent the conclusion of the border demarcation between the two countries).

[Bernal] Is there an Ecuadoran counterproposal to the Peruvian invitation?

[Ruales] I have no information on that yet. There is no answer to the Peruvian proposal yet, and it must be given by Foreign Minister Galo Leoro.

[Bernal] Would Ecuador object to holding the third meeting between the ambassadors in Buenos Aires? Does it consider that to be an impartial place?

[Ruales] Of course we consider it impartial. There is no official statement yet from our foreign minister, but I believe there is no problem whatsoever concerning the chosen country, and besides, Buenos Aires is a very pleasant city.

[Bernal] Reports from Quito refer to an Ecuadoran denunciation about the supposed entry of 150 men in the demilitarized zone along one part of the common border. Can you tell us about that?

[Ruales] All denunciations by Peru and Ecuador have been submitted to the Ecuador-Peru Military Observers' Mission [MOMEP]. I think it is good that this procedure has been adopted because it is up to the MOMEP to deal with that matter. We trust the MOMEP very much because so far it has played a very good role. We are certain it will keep doing so for the sake of consolidating peace.

[Bernal] Does it mean said denunciation has been officially extended to the MOMEP?

[Ruales] I do not know. I only know what was published by the newspapers.

[Bernal] There is another report saying that Ecuador has installed modern air-to-air missiles on a fleet of helicopters. What can you tell us about this?

[Ruales] I have not even seen the journalistic report on the matter. I believe this is just a matter of imagination.

[Bernal] Does this mean the report is false, or that you are not aware of it?

[Ruales] I am not aware of it, but I do not think it is part of the peace process the Ecuadoran Armed Forces and government are promoting.

[Bernal] Ambassador, the Itamaraty Peace Declaration establishes that only 50 men may remain at PV1 [Watch Post 1] (Peru) and Coangos (Ecuador). Do you think that if one, two, or a small number of people have entered the demilitarized zone — as the MOMEP 3 report states — they are violating the agreements?

[Ruales] We must differentiate this. it is one thing to have 50 soldiers with weapons, and quite another thing to have few indians from Ecuador or Peru enter the demilitarized zone. Do not forget they are hunters and could have possibly entered the zone, but there is a great difference. In any case, in either case, the report should be submitted to MOMEP to investigate and make a statement on the matter. This is the right path that was agreed upon, it has been useful, and I think it will remain this way during the peace process.

[Bernal] How do you see the development of talks between Ecuador and Peru? Do you not think that they became stagnated upon learning about the subsistent impasses? Peru is willing to resume talks...

[Ruales] No. It is a process that is developing without haste but without a pause, and I think it is a good idea. Steps must be consolidated gradually, and there is a will to reach understanding from our part, and I think there is also the same will in Peru.

[Bernal] It appears that the will in Ecuador is to wait for the election of the new government to continue with the talks. Is that not so?

[Ruales] No, the position is in accordance with the country's permanent interests, and that is beyond the contingency of a government.

Peru: Fujimori, Honduras' Reina Sign Joint Declaration

PY1004190596 Madrid EFE in Spanish 0139 GMT 10 Apr 96

[FBIS Translated Text] Lima, 9 Apr (EFE) — The presidents of Honduras, Carlos Roberto Reina, and of Peru, Alberto Fujimori, today ratified their firm

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commitment to continue the antidrug fight and strongly condemned national and international terrorism.

The two presidents today signed a joint declaration in the Andean locality of Yungay (Huaraz), 450 km north of Lima, where they visited important projects of social interest.

Stressing their firm commitment to continuing the anti-poverty program and ensuring respect for human rights, Fujimori and Reina expressed their satisfaction over the progress achieved in consolidating the democratic institutions and the implementation of the state of law in Latin American countries.

They reaffirmed their firm commitment to continue the enforcement program with regard to illegal production, trafficking, and consumption of drugs, "beginning with an integral approach that will consider the social, economic, and political implications of these serious problems."

They also expressed their support for the holding of a worldwide conference on drug trafficking in 1998, and their willingness to continue coordinating positions within the framework of the Rio Group, to strengthen this initiative.

Reina today concluded a two-day official visit to Peru, and tomorrow, 10 April, he will return to his country.

After expressing the "strongest condemnation" of national and international terrorism in all its forms, Fujimori and Reina stressed the meeting of the Specialized Inter-American Conference on Terrorism at the ministerial level that will be held in Lima from 23 to 26 April within the framework of the Action Plan of the 1994 Summit of the Americas.

Reina has thus stressed the achievements obtained by Peru in fighting terrorism within the national peace process and the respect for human rights.

Fujimori also promised to support the creation of an Ocean Institute headquartered in Honduras, with projection throughout the Central American region.

To this effect, Fujimori announced the forthcoming trip to Honduras of a mission of experts of the Ocean Institute of Peru (Imarpe) and of the Technological Fishing Institute with the purpose of beginning the appropriate technical studies.

They also agreed to promote the development of an important technical-scientific cooperation program that includes fishing, taxes, tourism, environment, energy, and mining projects, among others.

Fujimori, 57, and Reina, 70, reaffirmed the commitment of their governments to the mechanisms and practices of political agreement and the various subregional integration programs, as well as the creation, by the year 2005, of a free trade area among countries of the Americas.

Moreover, the two presidents expressed their shared interest in promoting the flow of capital, for which they decided to begin negotiations in an effort to sign an agreement of reciprocal promotion and protection of investments.

Concerning bilateral trade, the two governments promised to promote the signing of agreements among entrepreneurial institutions in order to increase trade activities.

In the cultural area, they decided to hold this year the First Meeting of the Joint Cultural Commission to establish a binational educational and cultural cooperation program.

Along these lines, they expressed their satisfaction with the negotiations designed to agree on declaring historical Cusco (Inca) and Copan (Maya) to be sister cities, which will allow a greater historical, archaeological, and scientific rapprochement between the two cities.

Peru: 'Subversive Outbreak' Said Found in Puno Department

PY1104175596 Lima EXPRESO in Spanish 5 Apr 96 p A2

[FBIS Translated Text] Intelligence sources have reported that terrorists from the Shining Path [SL] and Tupac Amaru Revolutionary Movement [MRTA] organizations are planning to perpetrate a wave of attacks in various localities of Puno Department, and even to storm the Yanamayo prison to release the subversives, primarily Arturo Morote Barrionuevo and Ronald Bustamante Valdivia.

The attack against the Yanamayo prison was reportedly originally planned for Holy Week, but the possibility that SL and MRTA leaders might still coordinate their insane activities to cause uneasiness in the high plateaus has not been ruled out.

According to note 2002 of the 4th Army Division Intelligence Department, "the SL seeks to reorganize its cadres to perpetrate a possible escalation of attacks of unpredictable magnitude, among them the assault on the Yanamayo prison with the support of some inmates' relatives who are prowling around the zone."

Investigations conducted over the past 15 days by agents of the 4th Army Division Intelligence Department showed that relatives of SL terrorists jailed in the Yanamayo high-security prison are renting or planning

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to buy properties adjacent to the CRAS [Social Rehabilitation Center] under the pretext of remaining near their relatives sentenced to life imprisonment, in order to "give them more moral support."

This fact reportedly prompted qualified SIN [National Intelligence Service] personnel to travel to Puno to thoroughly investigate the actions that took place over the past few weeks, and to adopt preventive measures together with the Army and the Police.

Alarm

Leaders of some peasant communities who tried unsuccessfully to obtain guarantees from authorities of the prefecture told an EXPRESO correspondent in Puno that during the past week they spotted various armed groups moving around the Santa Rosa, San Antonio, Pucara, Azangaro and Lampa zones and carrying automatic rifles and sub- machineguns.

Intelligence analysts say that the terrorists resort to this tactic to exert psychological pressure on local residents so that they can timely support their actions and gradually gain great influence.

It has been learned that the terrorist plans reportedly include the decision to control the access roads to tourist areas [Desaguadero-Chuncuyo-Copacabana], and primarily the cities of Juliaca, Puno, Huancane, Azangaro, and Juli, among others.

What they have achieved thus far is as follows: Some families from the localities of San Anton and Azangaro have abandoned their homes to move to places near Juliaca to escape a subversive outbreak and the wave of robberies and crimes it would entail.

In light of this situation, Army members acquainted with the high plateaus, most of them from deactivated antisubversive units, have resumed patrols based on reports provided by the residents.

Weapons

Analysts believe there is evidence of a significant increase in the number of weapons of various calibers and explosives being smuggled from Bolivia.

This smuggling activity apparently takes place in the region of San Antonio de Putina, where hundreds of private miners are operating, and where alleged SL members were arrested some time ago.

The miners and a well-known businessman charged with the irregular sale of explosives were quickly released after many private miners marched to Puno to pressure court authorities.

An increase in the number of weapons and explosives, probably hidden in true arsenals, would encourage the subversive outbreak in the zone. Experts say that indiscriminate corruption reportedly prevails in the various levels of the institutions charged with controlling the border.

University

In Puno the EXPRESO correspondent was informed about the concern of relatives of youths who study at the Altiplano National University [UNA] with regard to outsiders who are trying to recruit the students with promises of trips abroad.

Nevertheless, the parents' concern extends far beyond this. Intellingence sources have reported that alleged SL troublemakers are living at the UNA campus residence. Time and again they have prevented the authorities from entering the university.

Crimes

Moreover, one week ago, three individuals armed with automatic rifles stormed the Huarochari farm near the locality of Carabaya. After threatening the employees, they ransacked the owners' house.

They tortured and killed Abel Ortega Humalla, 78; Juan Bellido, 82; and Cristina Ortega, 50. SL propaganda was simulaneously found in Juliaca, Orunillo, and Mascusani.

Peru: New Labor Minister To Concentrate on Job Creation

PY1104194896 Lima GESTION in Spanish 5 Apr 96 p 5

[FBIS Translated Text] New Labor Minister Jorge Gonzalez Izquierdo pointed out yesterday that his presence in the new cabinet has the basic purpose of guiding the government program with greater force toward the creation of jobs and helping the most needy sectors. He also announced a program to start finding a solution to this problem.

He said: "I talked with the president so that my actions within the cabinet concentrate on creating more productive jobs in Peru."

He said this was his commitment before the country when he accepted the ministry in the new cabinet.

According to some analysts, the appointment of Gonzalez Izquierdo as labor minister (and probably the leader of the privatization process) is aimed at balancing out the greater decisionmaking power Economy Minister Jorge Camet would have regarding the measures to be

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adopted in the new cabinet after the resignations of Dante Cordova and Sandro Fuentes, who disagree with Camet on many aspects.

According to Minister Gonzalez Izquierdo, three factors are necessary to have more stable and well paid jobs in the country. First, it is necessary for the economy to continue to grow at adequate levels. Second, the costs for hiring workers must be reduced; in other words, it is necessary to reduce excessive labor costs. And third, the institutional framework that regulates labor relations must be made more flexible.

He said that, within the framework of those factors, the Labor Ministry is basically responsible for concentrating on the reforms to continue to make the institutional framework of labor relations more flexible.

Despite this, various analysts believe that the institutional framework of the Peruvian labor market has been made more flexible in three consecutive steps since 1991. The latest step taken was last July with the approval of Law 26513, which eliminated the labor stability at any cost and reaffirmed the flexibility of labor contracts.

Gonzalez Izquierdo said: "Not much can be done in that respect. The emphasis on creating jobs must deal with the reduction of excessive costs and the prevention of excessive slowing down of the economy."

Regarding excessive costs, he added that the main request of businesses is concentrated on elimination of the Fonavi [National Housing Fund] and the taxes on assets.

He also pointed out that the role of the Labor Ministry is changing because it is no longer the institution that resolves labor conflicts. It must now become the motor for creating jobs.

Gonzalez Izquierdo plans to start a program to solve the unemployment problem, which creates great concern among the people.

He said: "As long as I am in charge of the Labor Ministry, I will put emphasis on promoting the creation of new jobs."

Asked how more jobs can be created with an economic program that is annoucing adjustments and production reduction, Gonzalez Izquierdo said, in an interview with RPP [Radio Programas del Peru], that it is possible to realize more production and growth by using resources more efficiently.

He said that "more jobs will be created in the next three years by concentrating on the better use of available resources."

Gonzalez Izquierdo also confirmed that he discussed with President Fujimori the possibility of heading the Commission for Promotion of Private Investment (Copri). He said: "It is true. We discussed this issue, and there is a good possibility."

He also said he will stimulate privatization, but in such a way as to avoid hurting the workers.

He added: "We will concentrate on privatization, but always watching over the rights of the workers."

Peru: Commentary Urges Fujimori To Overcome Lethargy

PY1104214796 Lima EXPRESO in Spanish 4 Apr 96 p A31

[Commentary by Juan Carlos Tafur: "Is Hamlet Out of the Palace?"]

[FBIS Translated Text] There are many valid explanations for the considerable drop in the popularity of President Fujimori in recent polls.

People have tried to justify this phenomenon — which is quite unusual since Fujimori assumed power on 28 July 1990 — blaming the normal deterioration of popularity; rejection of the hostile attitude of the brand new Lima municipal government; the "cooling" of the economy, and the subsequent recession; and the hike in the inflation rate during the first quarter (inflation corrodes the popularity of statesmen). They even alleged that the surreptitious handling of the Petroperu [State Petroleum Agency] privatization process has antagonized the sensitive public opinion fiber.

Undoubtedly, all this is true but there is one basic issue that is being overlooked and which involves psychology: The obvious fact that Fujimori's political personality has changed.

In an exemplary manner, the 1990 super economic shock, the antisubversive strategy, and even the palace coup (without assessing if it was legal or if it had any eventual beneficial effects) were government acts which showed that Fujimori exercised power and that he did it quite effectively. It was not his undeniable authoritarianism that stirred popular support — when the people perceived prepotency they categorically rejected it — but the feeling that he could act without delay and assume the costs of the decisions he was making.

Fujimori has recently acted like a weak president. He has been a hesitant leader who has not shown the same willingness and decision- making capacity that characterized him since 1990. The legitimate show of force has been replaced with mere theatrical tantrums (like the ones he frequently exhibits against the Catholic

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Church) or abusive expressions (like the ones used against the mayor of Lima).

Perhaps what submerged him in this sort of political depression was the municipal elections disaster. Since then he seems to have lost confidence in himself. The shock of his first electoral defeat seems to have paralyzed him. Over the past few months Fujimori has portrayed the image of a confused and fearful person, one who is hesitant about the steps he must take. This is seen in the handling of economic, and in domestic political and foreign relations issues. The image of the efficient manager he successfully portrayed has rapidly begun to fade away.

The excessive time the administration has taken to define its government program (apparently resolved with Prime Minister Dante Cordova's resignation and that of his followers) has been a clear example of the aforementioned presidential "weakening." Supporters and opponents have been disputing power without his consent. Although Fujimori has always surrounded himself with very opposite personalities (if we look back to the start we note that while Fernando De Soto [Freedom and Democracy Institute, LID, director] was his personal adviser, people like Gloria Helfer [education minister]; Fernando Sanchez Albavera [energy and mines minister]; and Guido Pennano [industry, commerce, tourism and integration minister] were members of his cabinet), he never seemed to be hand tied or shrink from a decision.

There are always rivalries and cliques in any government administration. That is not the issue of concern; the issue is the lack of presidential response to overcome them, or better still, to grant one predominance over the other. Fujimori has shown a worrisome predisposition for an unnecessary extension of impasses, as if his hand trembled at the moment of making decisions. Let us hope, therefore, the cabinet reshuffle will clarify the situation. This may help overcome his low popularity rates in recent months.

Whether you support the government's policy or not, whether you like or dislike Fujimori's personality, the fact is that for the good of the country — and his own — the president must overcome his lethargy. Moreover if the disapproval trend continues to decline at the current pace, we do not even want to imagine what the country's political situation will be like in one or two years.

Moreover, Fujimori must be aware he has not yet achieved anything to make him feel at ease with the prevailing situation. The challenge of helping Peru become a modern country — not just a country without inflation or terrorism — is a task that must be undertaken, and this demands an even a more firm and assertive leadership than the one shown so far.

Venezuela

Venezuela: Colombians Said Buying Farms in Border States

PA1104181696 Caracas Venezolana de Television Network in Spanish 0230 GMT 11 Apr 96

[Report by Zaida Pereira]

[FBIS Translated Text] National Cattlemen's Association [Fedenaga] President Zeilah Carrasco has said that Colombian citizens buying Venezuelan farms threatens the country's sovereignty.

Fedenaga and Governors Association members met on the difficult situation that producers face because of the pressures posed by money coming from drug trafficking activities and, perhaps, from Colombian guerrillas. Venezuelan farm owners have sold 150 estates because they are afraid they will be murdered or kidnapped and because they are offered large amounts of money that double or triple the true value of their property.

[Begin Carrasco recording] We are receiving letters at the border areas — Apure, Tachira, Zulia, and Barinas — from Colombian guerrillas stating that they will give us protection and that we will have to pay a certain number of bolivares for it. Their prices range from 100,000 bolivares to 1 million bolivares a month. It depends on how much the guerrillas estimate the farm and inventory cost. They have indeed made this assessment for each cattleman. [end recording]

Fedenaga agrees with the government's proposal to take a census of the illegal immigrants in the country because this would allow all of them to be found. However, the federation believes it is too risky to make them all Venezuelan citizens because many do not benefit the country.

Venezuela: Government Decree Orders Teachers Back to Work

PA1104161996 Caracas Venezolana de Television Network in Spanish 0230 GMT 11 Apr 96

[Report by Fernando Porte]

[FBIS Translated Text] The government ended the teachers strike today, more than three weeks after schools closed down nationwide. The Council of Ministers decree approved on 10 April expressly stipulates

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that teachers must return to classes on 15 April. Education Minister Antonio Luis Cardenas made the announcement on 10 April and, in the name of the executive, listed every effort that the government has made to resolve the problem: It paid the teachers for the second half of March with a 32-percent retroactive payment and presented a final 94-million-bolivar proposal to be paid in bonds, corresponding to eight months of wages. The Council of Ministers decision followed the teachers' rejection of the government offer:

[Begin Cardenas recording] All teachers must return to work on 15 April. We are defending more than 6 million children's basic right to an education and the parents' right to have their children go to school. We will assume that those who do not obey the call to return to work are leaving their positions. The labor law stipulates that they will automatically lose their jobs. [end recording]

The government reiterated its willingness to continue talks and said it wishes to meet again with the teachers shortly. Teachers and students must still reorganize the academic year once classes start on 15 April. School activities are expected to continue until the beginning of August.

Venezuela: Interest Rate Adjustment To Be Gradual

PA1204005796 Caracas ECONOMIA HOY in Spanish 8 Apr 96 p 3

[Report by Gregorio Salazar]

[FBIS Translated Text] The adjustment of the nominal interest rates at positive levels above the inflation rate, one of the crucial decisions included in the economic measures that will be announced on 15 April, will definitely be implemented gradually. Ranking spokesmen for the executive said yesterday the government has obtained the IMF's approval to implement this plan.

The adjustment of the banking rates has been among the most deliberated and debated topics by the government economic team and the Central Bank of Venezuela (BCV), which will resume the analysis of such a complex topic beginning 8 April. The repercussions of adjusting interest rates might have the strongest impact on the economy, particularly on the banking system.

One of the recommendations made by the IMF adjustment program is to raise interest rates to positive yield levels, something which would entail in Venezuela's case, given the projected annual inflation rate for 1996, at least a tripling of the 25 percent level reached by the passive rates.

Economist Domingo Maza Zavala, a member of the BCV directorate, expressed great concern over this issue of the interest rates and said this problem is one of the leading ones that must be resolved within the framework of the new plan on economic adjustments.

One of the questions Maza raises is what will be the reaction of a banking system that continues to present structural and situation specific problems and that has no resources to face a measure that will represent a heavy financial burden.

He warns that the adjustment might trigger a new, financial commotion if it is not implemented properly. He does not discount that increasing interest rates also includes the lending rates, a point which could lead many bank debtors to declare bankruptcy to avoid paying their debts.

[Salazar] What alternatives do you see?

[Maza] We must seek compensation formulas. One might be the creation of a special standby fund or international contributions of the IMF or the World Bank that would help create the necessary means for the banking sector to overcome its structural limitations.

Maza believes the Venezuelan state has a very narrow, closed, maneuvering space, because the measure is inescapable. "If this is not done, if the rates are not reinforced, the account holders will withdraw their money to invest in foreign exchange, and this would trigger another problem; that is, the sustained demand for dollars would end up affecting the levels of international reserves."

Maza is certain "a balance must be sought, because I do not know what will happen if the rates are not adjusted or if they are increased too much." This reason is why Maza supports the idea that Congress should review some financial compensation law that would consider the creation of a standby fund, because "the burden of the interests will be heavy."

In light of the need to implement the measures, the leadership of the MAS [Movement Toward Socialism] has decided to send several of its top leaders on a national tour that will be led by Teodoro Petkoff, minister of Cordiplan [Office of Coordination and Planning] and a member of the CEN [National Executive Committee] of the MAS.

According to Leopoldo Puchi, this tour will seek to explain to the country the suitability of implementing the measures "in order to give support to the government and to establish a consensus among the various sectors of society regarding this program."

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Guyana

Guayana: French Prime Minister Arrives for Visit

LD1104180296 Paris France-Inter Radio Network in French 1700 GMT 11 Apr 96

[FBIS Translated Text] Alain Juppe arrived in Guyana an hour ago. The [French] prime minister delivered a brief speech on arrival in which he underlined the spirit of his visit to the overseas departments. He did not make any promise or strong announcement but stressed his determination to hold a dialogue with and meet the inhabitants.

[Begin Juppe recording] I do not have a miracle cure, but I have a lot of goodwill and the determination to hold consultations and dialogue. I would also like to express, upon my arrival here, all my confidence in the future of Guyana, which has not only problems but also formidable strong points. [end recording]

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